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Figure 1-22 and 1-22 の 日本の 日本の ACOUS D

Page 13. investments. **Special Today** 

**Z Japanese institutions** are at a

loss about how to protect their

In the nucertain market climate, investment strategists are advising clients that safety comes first. Personal Investing,



# INTERNATIONAL INTERN

**ESTABLISHED 1887** 

PARIS, MONDAY, NOVEMBER 9, 1987

# A Judge's Brief, Stormy Trial A 'Modern' Man,

Printed simultaneously in Paris, London, Zurich

No. 32,567

A Clash of Values By Robert G. Kaiser Washington Post Service
WASHINGTON — "My God, this is embarrassing," a well-connected Republican groaned. "I taboos to a seat on the nation's mean, this is horrible - it is not prispest contr good for the country."

The sudden withdrawal of Douglas H. Ginsburg's nomination to

ming director of the scheduled for release s Even before Judge Ginsburg could announce withdrawal of his nomination, other political figures

were rushing to confess their own past flirtations with marijuana. Judge Ginsburg's self-immolation was a profoundly embarrassing development for a president whose leadership was already under fire from many quarters in Washington, on Wall Street and

Kiosk

Walid Khaled announc-

ing Sunday that eight Is-

raelis were being held.

Terrorist Group

Claims It Holds

Israelis Hostage

BEIRUT (AP) -- The Abu

Nidal Palestinian terrorist

group said Sunday that its guer-

rillas had seized a French-regis-

tered boat off the Israeli-occu-

pied Gaza Strip and were holding the eight Israelis on

board as hostages. Walid Khaled, a senior Abu

Nidal lientenant, told a news conference in Moslem West

Beirut that the captives - three

men, three women and two chil-

dren - were unharmed. He

said all eight captives are Israe-

Mr. Khaled warned that their

lives would be "in danger" if

Israel retaliated for the seizure.

He declined to say when the

vessel was stormed.
"We're waiting for a contact

from the International Com-

mittee of the Red Cross so that

Red Cross representatives can

see the hostages," Mr. Khaled said in an interview later in Bei-

rut's Mar Elias Palestinian refu-

"The captives have been

transferred to one of our mili

tary bases where they are being

interrogated after being given

the necessary medical and hu-

The Israeli Army denied

knowledge of the reported hi-jacking. The French Foreign

Ministry in Paris said it had no

MONDAY Q&A

Lord Carrington, the

secretary-general of

NATO, reflects on what

the INF treaty will mean

for the alliance. Page 2.

The United States, in a shift

is considering direct talks with

Denver was susset Sunday by Buffalo, 21-14, in the National

Page 19.

GENERAL NEWS

Football League.

BUSINESS/FINANCE

Nicaragua.

manitarian aid," he said.

gee camp.

lis with dual nationalities.

from friendly governments abroad.
It was an embarrassment, 100. Ginsburg Drops for Attorney General Edwin Messe 3d, who had pressed the choice on President Ronald Reagan, and for Judge Ginsburg, a man now destined to go into history as the onetime dope-smoker who could not

But this was more than a politi-cal matter. It was a collision among nomination to the Supreme Court. conflicting strains of the modern American culture — in this case, the reality of widespread drug use vs. puritan, often-hypocritical mor-alism. Judge Ginsburg is another victim of this year's public fixation with private lives.

He was the point man for a generation of Americans who are reaching the age when they will be asked to run society's institutions. It is the '60s generation, whose See DRUGS, Page 5

Two Democrats seeking the presidency said they had smoked marijuana. Page 5.

# **High Court Bid**

WASHINGTON - Under pres sure from administration officials leap over his own past and society's and his own conservative supporters on Capitol Hill, Judge Douglas H. Ginsburg has asked President

> The judge acted after a string of disclosures about his personal life and ethical conduct had caused a storm of criticism. The White House and the Justice Department now must again a search for a nominee whose credentials can sat-isfy Republican conservatives and still permit confirmation in a Democratic-controlled Senate.

If the task was difficult before Judge Ginsburg's withdrawal after his admissions of smoking marijuana, it has since become much more

Angry conservative lawmakers See COURT, Page 5

# **Market Crash Spotlights** The West's Empty Stage

By Reginald Dale

PARIS - More than three weeks since the international stock markets ran up the curtain on "The Great Crash of 1987," a group of key players is still missing from

**NEWS ANALYSIS** 

center stage: the leaders of the Western world.

Efforts to control the crisis have been left largely to a supporting cast of Treasury ministers and central bankers who have sometimes seemed more interested in finding a culprit than a cure.

and uncertain era. The period of unqualified U.S. ponents. dominance of the world economy is

over, they say, but other countries garet Thatcher, though a strong are as yet unwilling or unable to personality, is more of a national take up their share of the burden. Helmut Schmidt, the former suffering from a "leadership vacu-

By Fred Hiart

Washington Post Service

TOKYO — The newly formed

Japanese government has urged the

United States in unusually strong

terms to get its economic house in

order and do its part to support the

Prime Minister Noboru Take-

shita, who took office Friday, and

his newly appointed deputy prime minister, Kiichi Miyazawa, both

said Saturday that they expected the United States to abide by an

international agreement on stable

exchange rates. The White House has recently indicated that it will

allow the dollar to slide rather than

as finance minister while assuming

the No. 2 post, was particularly harsh in urging Washington to re-duce its budget deficit. He said in

an interview with Kyodo news ser-

vice that Japan had done its share

to solve the world financial crisis

by stimulating its economy and

"If others have new demands to-

keeping interest rates low.

Mr. Miyazawa, who kept his job

jeopardize the U.S. economy.

Japanese Leader Urges

**U.S. to Support Dollar** 

level, there is nobody in charge.

Mr. Schmidt believes that the

vacuum has existed for at least two years and is largely responsible for the "ridiculous" international economic policies that provoked the collapse of stock prices. "We are a convoy of ships without an admi-ral," he said. Normally in times of crisis the

armed guard Sunday at the presi-dential palace in the suburb of Carother Western countries would look to Washington for leadership. But it is hard to find anyone, in Europe or the United States, who now believes that President Ronald Reagan is capable of providing it.

Nor is it easy to see where else to turn. In France, President François Many economic and political anturn. In France, President François alysts believe that the West is fail-Mitterrand is hamstrung by the ing the first real test of its economic "cohabitation" arrangement that leadership as it moves into a new forces him to share power with a government led by his political op-In Britain, Prime Minister Mar-

than an international leader. In Japan, Prime Minister No-West German chancellor, is one of born Takeshita has only been in many who agree that the West is office since Friday and has yet to See VACUUM, Page 15

they say something."

increase. Page 3.

foreign policy.

The White House is reported

ready to negotiate on a tax

marie in his comments. He said he

would strive to improve U.S.-Japan

relations, which he said would re-

See JAPAN, Page 5

The assumption of the presidency capped a rapid rise for Tunisia's new leader. Page 5. tion, Prime Minister Zine al-Abi-

The Assuciated Press

president of Tunisia, was under

It was the first official comment

on Mr. Bourguiba's whereabouts

since he was removed from office

by his successor under the constitu-

thage, the government said.

TUNIS - Habib Bourguiba,

dine Ben Ali. Mr. Ben Ali said Mr. Bourguiba was senile. Hedi Baccouche, whom Mr. Ben Ali appointed prime minister after

naming himself president, told Tunisian radio that Mr. Bourguiba, who is at least 84, was being cared for by a niece, Saida Sassi, 62. Period of Uncertainty

Edward Cody of The Washington Post reported from Tunis: Mr. Bourguiba, who led Tunisia

to independence from France in 1956 and had ruled it with an iron

prime minister. Mr. Miyazawa also likened

conference since succeeding Yasuhiro Nakasone, was more diplopromise to schedule elections.

other Arab countries.

main the cornerstone of Japanese Mr. Bourguiba, who for some But Mr. Takeshita, a former finance minister, also made it clear that he expected Washington to cut its deficit and support the dollar. The Bank of Japan has bought billions of dollars in recent weeks trying unsuccessfully to bolster the sagging currency. A falling dollar as if nothing had happened. Perhaps more important,

said to be considering a new trial who was deposed early Saturday as for a group of Islamic extremists, seven of whom were sentenced to death in September on charges of plotting against the state. Mr. Bourguiba was reliably re-

One of the wounded persons in the Northern Ireland bombing being transferred to a hospital.

Tunisian Deposed and Held Under Guard

ported at the time to have sought a death sentence for at least 20 of those on trial, seeking to set an example for fundamentalists opposed to the moderate Islamic state he has installed. The relatively small number of those sentenced to death was seen as a victory for Tunisian officials who feared largescale executions would sully the country's reputation and increase resentment against the president

Mr. Bourgiba named Mr. Ben Ali prime minister last month. He had been interior minister.

- Mr. Ben Ali said he had orga- Zine al-Abidine Ben Ali waving in Tunis after taking over nized a commission of six doctors the presidency from Habib Bourguiba, who was deposed. to evaluate Mr. Bourguiba's ability to continue as president. The new government issued a communiqué nisia under its new government. Bourguiba, who was named presithe doctors said they had decided ing this period." ingly intolerant of opposition. that "his state of health no longer Tunisia's neighbors, Algeria and Mr. Ben Ali declared that "the tions of his office."

In Washington, the State De- cies reported.

By Patrick E. Tylet

Washington Post Service

AMMAN, Jordan — King Hussein opened a meeting of 16 Arab

heads of state Sunday night, warn-

ing that a disunited and weakened

Arab world could not stop the Guif

War from spreading and could not

Hussein, who spoke for an hour

to a closed session of delegations

representing 21 Arab League coun-

solve the Arab-Israeli conflict.

in the commission's name in which We hope that calm will prevail dur-dent for life in 1975, grew increas-

**Hussein Warns Arabs on Disunity** 

of foreign fleets from the Gulf, a

position that Iran and the Soviet

permits him to carry out the func- Libya, welcomed the takeover, as era we live in can no longer stand did France and Egypt, news agen- for a president for life, nor an automatic succession to the head of the partment said, "We look forward of the Mr. Ben Ali strongly indicated a state from which the people finds to maintaining the traditional ties desire to see political life broaditiself excluded."

between the United States and Tu- ened after years during which Mr.

on the king's remarks. The closed until Sunday whether Libya would

with the Irish Republic.

The ceremony was to honor Britand World War II and in the last 19

years of sectarian violence in Northern Ireland. Similar Remembrance Day ser-

vices were held throughout Britain.

The head of the Church of Ireand, the Right Reverend Robert Fames, went to the Enniskillen hospital. "If anyone ever had any doubts at all what terrorism can do," he said in a BBC radio interview, "I just wish those who planted this bomb could see what I'm seeing at this moment."



ward Japan," he said, "we want them to get their jobs done before minded former general who was his Mr. Ben Ali, 51, said he would

Washington's reliance on a weakdollar policy to a dependence on
drugs, Kyodo reported.
Mr. Takeshita, in his first news

Mr. Takeshita, in his first news

He pledged in a statement to install a "responsible democracy" to replace Mr. Bourguiba's autocracy, but he stopped short of a

The removal of Mr. Bourguiba opened a period of uncertainty in a country noted for moderation and friendly relations with the United States and Europe as well as with

time had shown signs of his advanced age, had acted in a particu-larly erratic manner in the past week, diplomatic sources said. After naming a new representative to the United Nations and announcing his choice, for example, he changed his mind a few days later

using "profit and loss" motives to determine national interests.

He also called for Egypt's reentry into the league, saying that its pressed satisfaction at the turnout.

absence "further contributes to The Saudi delegation was headed weakening the underpinnings of the Arab order."

The Jordanian foreign minister, rocco's delegation. Taher al-Masri, briefed reporters Jordanian officials did not know

Union also advocate.

Although King Fahd of Saudi
Arabia and King Hassan II of Motries, called on Arab leaders to stop rocco did not attend the summi meeting. Jordanian officials ex-

> by Crown Prince Abdallah; Hassan's 24-year-old son headed Mo-

session adjourned after Hussein's send a delegation. Colonel Moanspeech and was to resume Monday. mar Gadhafi had announced that Syria and Iraq were expected to he would not attend. When the submit proposals Monday, with conference opened, Libya's seat Iraq seeking a strong condemna- was filled by Major Abdel Salam tion of Tehran and an endorsement Jalloud, Colonel Gadhafi's deputy, of an international arms embargo who arrived via Damascus.

against Iran. It is believed that Svr-Jordanian officials said the presia will seek a call for the withdrawal ence of the Syrian president, Hafez al-Assad, and President Saddam Hussein of Iraq would enable the participants to deal with the most urgent Gulf War issues.

Syria continues to support the war effort of non-Arab Iran. Much of the summit meeting will be devoted to trying to reach an Arab consensus on support for the en-forcement of a UN cease-fire resolution, which calls for an arms em-

See ARABS, Page 5

# **Bombing** Kills 11

### Blast Wounds 55 At a Ceremony For British Dead

The Associated Press ENNISKILLEN, Northern Ire-

land — A bomb killed 11 persons and wounded 55 at a memorial ceremony for Britain's war dead on Sunday in the deadliest Irish terrorist attack in five years. The police said that six women

and five men were killed, including three married couples, and that many of the wounded suffered serious injuries. At least 13 of those burt were children from 2 months to 15 years old. Britain's Northern Ireland secretary, Tom King, flew to Enniskil-

len, 65 miles southwest of Belfast, to survey the damage and visit the wounded. He said the device was a 30-pound bomb of homemade ex-

"The outrage has scarred the face of Ireland," he said, "and there is no place on the island for people with this sort of deprayed mental-It was the worst terrorist attack

in Northern Ireland since December 1982, when a discothèque patronized by soldiers was blown up, killing 11 troops and 6 civilians. No group took responsibility for Sunday's bombing, but suspicion focused on the Irish Republican

Army, which is fighting to end British rule in Northern Ireland. The bombing, however, brought

expressions of regret from the local branch of Sinn Fein, the outlawed IRA's political wing. Paul Corrigan, chairman of Fer-

managh District Council, said in a statement that Sinn Fein was shocked by the loss of life. He add-ed that Sinn Fein members "do not expect to escape the consequences of this explosion - even if the IRA were not involved."

A police statement said the bomb went off in a community center near the War Memorial in Empiskillen. The bomb blew out

one end of the building, which collapsed and trapped a large number people who were standing outside waiting for the ceremony to The bomb went off at 10:45 A.M. just as a parade of military

personnel, bands and civilians was assembling in the County Fermanagh town, 10 miles from the border

ons and members of the Commonwealth who died in World War I



THE REPORT OF THE PROPERTY OF



Andrei D. Sakharov and his wife, at their home in Moscow.

### Sakharov Is Out of Exile but Still in Limbo camps. But he is wary of squandering what

New York Times Service

MOSCOW - On a typical day, two or three supplicants find their way to the unmarked apartment of Andrei D. Sakharov. Some want his endorsement, like the con

man who recently showed up on the doorstep claiming to have invented a perpetual motion machine. Most want his influence, believing that a Sakharov telegram or news conference carries magical force against the arbitrary power of the authorities. "Of course there is absolutely nothing I can

do to help them," the physicist said dolefully the other evening over tea and pastries in his living room. "It can be very upsetting. Sometimes it knocks me off balance for the rest of the day, and I can't get any work done." More than 10 months after he was freed from internal exile in the city of Gorky, which is

human rights advocate lives with greater liberty, but still in a kind of limbo. He is allowed to pursue his work in theoretical physics, but he has been denied permission to go abroad. He is available to visiting dignitaries and occasionally to the foreign press.

closed to foreigners, the Nobel Prize-winning

Mr. Sakharov, 66, remains a revered figure for dissidents, but his age and poor health have curtailed his activities in human rights.

Occasionally he sends a telegram or holds a news conference on behalf of a political prisoner, and no visitor leaves his apartment without

bearing an appeal for those still in the labor

And he is partly estranged from the severest

critics of the Soviet system, especially those who have emigrated to the West, because he urges support for Mikhail S. Gorbachev, the Soviet leader, as the best hope for change. The other evening a visitor could sense that Mr. Sakharov's optimism had been severely tested. Progress on human rights has fallen

short of his standards, and he sees the changes that have taken place as being precarious. His face sagged when he was told that two former political prisoners, Sergei L Grigoryants and Lev M. Timofeyev, had been detained by the police a few hours earlier; they were re-

leased later that day. "This disturbs me," he said of the detentions, adding that "it reminds me of 1972," a period of heavy repression.

"The times are changing slowly, and in some ways, not at all," he said, then caught himself at the brink of pessimism. "But the changes are

Soviet officials seem to encourage his meetings with foreign visitors, knowing he will tell them that the changes are not merely cosmetic and that unless Mr. Gorbachev succeeds the Soviet Union will revert to repression and military adventurism.

Mr. Sakharov sees something in the Soviet leader that Mr. Gorbachev himself has never publicly expressed, the possibility of a system merging what the physicist regards as the economic justice of socialism with the liberties of capitalism, of which he has long dreamed.

The Soviet public has had only a few glimpses of Mr. Sakharov since his release. In February he was invited to appear at an international forum in Moscow, and a few of his comments supporting disarmament and opposing the U.S. strategic defense initiative were later televised.

In an interview last week with Moscow News, Mr. Sakharov, one of the developers of the Soviet hydrogen bomb, commented at length about a recent television film on Soviet and U.S. rocket programs, disclosing, apparently for the first time in the Soviet press, that Klaus Fuchs, a German-born scientist, "transmitted to the U.S.S.R., both during and after the war, highly important atomic secrets out of

Fuchs was convicted in 1950 of having given

British and U.S. secrets to the Soviet Union. Mr. Sakharov said he had been denied permission to accept invitations to speak in the United States, Canada and Western Europe on the ground that he once had access to secret

The other evening he was told that a poll of Muscovites found strong disapproval of freeing political prisoners. He seemed disappointed.

"Andrusha," his wife said gently, "that surprises you? We know a large majority of people deeply hate people like us, because we can say what we think, and they cannot."

eliminating medium- and shorterrange nuclear missiles preoccupies Lord Carrington, the secretary-general of the North Atlantic Treaty Organization. At his Brussels headquarters, he talked to the IHT's political correspondent, Joseph Fitchett, about the West's defense agenda.

Q: Do you see risks in the proposed INF treaty?

A: This agreement will change the landscape of European security considerably, perhaps as profoundly as any develnt in a generation. It is no green light for nuclear disarmament in Europe we should not simply keep our foot on the accelerator. But we can be mature enough to accept a good disarmament success when we have one.

Q: After an INF treaty, what is likely to be the next security development? A: The issues next year are going to be complicated by the U.S. presidential elections. I hope the Soviet Union won't regard the elections as a bar to discussions. They may be a bar to ratification.

The security outlook in Europe after an Intermediate Nuclear Forces treaty tinental missiles), which are the negotiations now most in the minds of the NATO countries and are probably the priority next year.

> Q: After an INF treaty, many analysis expect Mikhail Gorbachev to launch a campaign of disarmament initiatives next spring to color the political climate in Europe. Do you agree?

### MONDAY O&A

A: Of course he will. He will bombard public opinion with proposals. We've al-ready had lots. In point of fact, many of them - like the INF agreement - are Western proposals that his predecessors rejected. Others of his suggestions sound superficially appealing, but aren't really

I hope we're going to go on negotiating with the Soviet Union, which, thank goodness, has become a more active negotiating partner. But we mustn't overemphasize arms control talks to the point of neglecting issues such as human rights. ing measures, which go to [reducing] the basic distrust between the two sides.

Q: Are you worried about a public perception that NATO is becoming merely reactive and is losing the initiative, particularly in arms control, to a

more imaginative Soviet leadership? A: We all know this is untrue. It is the West that has produced serious proposals

the double-zero solution to INF missiles, the 50-percent cut in START. NATO is slower to get our act together because we're democracies. But we dohave to do better in putting our positions

across to our publics.

Q: The Soviet Union seems likely to gest troop cuts in Europe soon. Is NATO going to be fast enough in offering proposals on conventional arms re-

A: We shall have proposals. But the problem is infinitely more complex than nuclear disarmament, where you count the weapons and then decide what to do. In trying to reduce the confrontation in central Europe, you're talking about geography from the Atlantic to the Urals, about men, weapons systems — and dozens of nations instead of just two super-

regional conflicts and confidence-build- powers. I don't expect a breakthrough on conventional arms control soon.

> O: Is disarmament the main Western priority for next year?

> A: We have to keep looking at the Warsaw Pact's formidable capabilities in Europe. So while trying to reduce the imbalance and overall level of weaponry by arms control, we've got to improve our own capabilities. The main priority in this respect is better cooperation among alliance countries in developing new

> Q: It's an old theme at NATO, which appears even more urgent now with worsened economic prospects after the stock market crash. Is there any reason for optimism now?

> A: The most hopeful development is the realization by European governments
> — all of them — that the sophistication and cost of modern conventional weapons is so great that there is no way that any one country can do it all themselves. That's making all the European countries want to collaborate industrially on de-

And we have to pay more attention to the NATO commanders' priorities about the new arms they will require. I'm trying needs for defense.

tively and not just nationally and in the light of each service's wishes, about what new weapons the alliance as a whole is going to need.

Q: What kind of problems do you anticipate your successor, due to take over at NATO next year, will face? A: Money for defense: Since alliance countries on present projections cannot remotely match the Soviet Union, we

must get more for our money.

Trans-Atlantic relations: U.S. feelings that Europe is not spending enough on defense, accusations about protection-ism, the falling dollar — all of these are factors that make people in the United States and in Congress look again at their commitments, so Europeans must realize that they are going to be required to do

He will face a new problem in this respect: the more successful arms control negotiations are, the more vital it becomes to make our constituents realize the need for prudence. We have to remain cautious until the Soviet Union reduces its capacity for offensive operations closer to the level of weapons it

## WORLD BRIEFS

I reported Set Dispute Preceded Thailand Air Crash BANGKOK (AFP) — The crash of a Thai Airways plane at Phaher Island that killed all 83 people on board in August followed a dispute between the control tower and the pilots over landing priority and clearance, a transcript of their taped conversation published here has

The transcript of the final conversation between the Thai Airways

Boeing 737 and Phuket airport was carried in a report in the progovernment Bangkok Post newspaper on Friday and confirmed as accurate by airline officials Saturday.

According to the transcript, the pilot of the Thai plane believed that a plane belonging to Hong Kong Dragon Airlines was trying to land in front of him. "They are trying to sucak in," the transcript quotes the Thai Air pilot as saying. The accident occurred during discussions as to which plane was entitled to land first.

### Italy Votes on Nuclear, Judicial Issues ROME (Reuters) - Italians began voting Sunday in five referendame

on nuclear power and judicial reform.

Initial results from the two days of balloting are expected Monday evening, with opinion polls suggesting a majority of voters in favor of doing away with existing laws on the various issues. The Socialist Party of former Prime Minister Bettino Craxi, the second largest in the five-party governing coalition, is the main sponsor of the referendums and arenes they are needed to break parliamentary inertia on the issues.

The most controversial referendum could make judges personally liable to civil damage suits for alleged wrongful conviction and other errors. In three other referendums, voters will be asked whether Parlia, ment rather than ministers should be allowed to decide whether put new nuclear power plants, whether subsidies to the towns where they are sited should be ended and whether Italy should cease participating in nuclear projects abroad. The fifth holds out the prospect of making ministers directly accountable to Parliament for alleged offenses in office.

### Jayawardene Upbeat After India Visit

NEW DELHI (Combined Dispatches) - Prime Minister Rajiv Gandhi said after three days of talks with President Junius R. Jayawardene of Sri Lanka that differences remained on how to end the civil war in Sri Lanka. Mr. Gandhi added, however, that he was satisfied with the outcome of the talks.

Mr. Jayawardene said Saturday before leaving India that the meeting had reached "happy conclusions," and he referred to the discussions as useful. But he said he planned no changes in legislation to carry out the accord between India and Sri Lanka to end fighting by Tamil rebels. The legislation apparently the source of differences between the two leaders. Sri Lankan newspapers reported Sunday that Indian troops trying to disarm Tamil guerrillas killed 11 rebels in the Jaffina Peninsula. More than 20,000 Indian troops have been posted to Sri Lanka to disarm Tamil guerrillas and other groups opposed to the July 29 accord, which calls on India to disarm the Tamil rebels in exchange for Sri Lanka granting more autonomy to minority Tamils in the northern and eastern parts of the

### UNESCO Approves Mayor as Director PARIS (NYT) - UNESCO's General Conference has voted over-

whelmingly to elect Federico Mayor Zaragoza, a former Spanish educa-

After being approved, 142-7, the 53-year-old biochemist said one of his top priorities would be to persuade the United States and Britain to rejoin the organization. The United States left the 158-member organization in 1984 and Britain the next year after protesting that the United Nations Educational, Scientific and Cultural Organization was poorly managed, wasted money and had an anti-Western bias.

On Oct. 18, Mr. Mayor's supporters outmaneuvered those of Amadou-Mahtar M'Bow, the incumbent director, to allow the Spaniard to win the nomination of the Executive Board by a 30-20 vote. But there were reported efforts by Mr. M'Bow's embittered supporters to seek to deny Mr. Mayor the backing of the General Conference. Those efforts were abandoned, however, when the Arab bloc threw its 20 votes behind Mr.

### For the Record

The Food and Agriculture Organization opened a two-week conference Rome on Saturday that will include the election of director-general of

Judicial officials in Florence said eight men, including a reputed Mafia figure, Pippo Calo, had been ordered to stand trial for a Christmas train bombing in 1984 that killed 15 people and wounded 230. The bomb went off on a Naples-to-Milan train in a tunnel outside Florence. (Reuters) Nearly 3,000 Japanese farmers and their supporters held a rally on Sunday protesting plans to expand the Narita international airport. The police said there were minor clashes but no arrests.

(AFP)

egotiators are drafting the treaty. The World Bank announced it was giving drought-related assistance of more than \$500 million to India. The bank said it was seeking to ease Yeltsin, a non-voting member of India's growing balance-of-payments squeeze. the Polithuro who threatened to

South Korean policemen fired tear gas and charged into thousands of student protesters who tried to march from a college campus on Sunday after listening to Kim Dae Jung call for fair presidential elections. (AP)

# TRAVEL UPDATE

### Pan Am-Aeroflot Service Set for May

MOSCOW (AFP) — Pan American World Airways and the Soviet carrier Aeroflot will start a joint Moscow-New York service in May, the U.S. airline's president, Charles Acker, said in an interview with a Soviet newspaper published Sunday.

The first nonstop flight by a Boeing 747 bearing the insignia of both airlines is scheduled for May 15, Mr. Acker told the daily Sovetskaya Rossiya. Aeroflot and Pan Am agreed in talks earlier this year on three weekly direct flights.

Tourism is up nearly 30 percent in the British Virgin Islands, officials there said. They said that of the 161,100 tourists who visited in 1986 and spent \$100 million, about 113,000 were from the United States, 6,800 were Canadian and 3,950 were British.

### This Week's Holidays

Banking and government services will be closed or their hours curtailed in the following countries and their dependencies this week because of national and religious holidays: MONDAY: Pakistan

TUESDAY: Bangladesh, Panama.

WEDNESDAY: Angola, Belgium, Bermuda, Bhutan, Canada, France, Guam, Ionaco, Puerto Rico, Switzerland, United States.

THURSDAY: Bhutan, Taiwan,

FRIDAY: Bhutan.

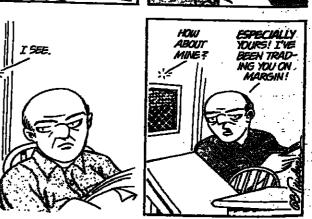
SATURDAY: Ethiopia, Guinea-Bissau, Jordan. SUNDAY: Brazil.

Source: Margan Guaranty Trust Co., Reuters.

### DOONESBURY







## Mrs. Gorbachev Plans To Attend the Summit

Washington Post Service MOSCOW — Raisa Gorbachev. wife of the Soviet leader, has indicated that she will go with her husband to the summit meeting next month in Washington - "if it takes She made her cautious comment

in a brief conversation Saturday with a reporter from The Washington Post and two other Western journalists during the Red Square Although security men were

standing close by, they did not move to interrupt the conversation - a departure from an earlier era when the families of Soviet leaders were kept at a distance from the Informality is a style the Gorba-

chev family shares and seems eager to promote. Mrs. Gorbachev, a sociologist who is on the board of the newly formed Cultural Fund. seemed at ease talking with reporters and others. Mrs. Gorbachev's frequent pub-

lic appearances at her husband's side have caused some resentment among the Soviet public, however. because many think that wives should not be so visible.

With the reserve that is expected of the families of top Soviet leaders, Mrs. Gorbachev declined to say where she grew up in the Soviet Union, saying only that she was Yazov.

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homeland," she said. "I am from Russia. Everything that Russia has,

■ Revolution's 70th Year

serious.

Francis X. Clines of The New York Times reported from Moscow: The Soviet Union celebrated its 70th anniversary with a martial parade of the old trappings of the Bolshevik Revolution and the new watchwords of the revolution's lat-

est leader, Mikhail S. Gorbachev. "Democracy, restructuring, speedup" was proclaimed in giant Cyrillic letters near a vivid red banner depicting Lenin and looking resolutely upon the Red Square fes-tivities as Mr. Gorbachev led the nation into its eighth decade,

Old machine-gun carriages drawn by four-horse teams - the tachankas of revolutionary times rattled across the cobbled square in counterpoint to the modern Red Army's wheeled rocket launchers. The rhetoric of the day ranged

from hopeful anticipation of the day rangen from hopeful anticipation of Mr. U.S. Officials Prepare Way For Arms Bill Washington next month with Presi-Washington next month with President Ronald Reagan to a stern vow to keep the nation so militarily prepared that "no one would dare to disrupt its peaceful life."

Both points were made by the main speaker at the two-hour parade, Defense Minister Dmitri T.

# Cavalrymen in uniforms similar to those worn during the Bolshevik Revolution parading Saturday through Red Square.

don submarine from service in the Soviet officials would be involved

the 1979 treaty's limits because it again with Secretary of State

By Michael R. Gordon New York Times Service

WASHINGTON - White House officials and congressional leaders have worked out the basic elements of a compromise over arms control issues that until now had placed the two sides on a collision course, according to administration and congressional officials.

The compromise would remove a major barrier to the adoption of a new military spending bill of about \$290 billion

The compromise, which officials said Saturday was still being for- so that it could be sent out to sea. malized, would temporarily resolve disputes over adherence to the 1972 saving of \$110 million. But no ref-Anti-Ballistic Missile Treaty and erence would be made to the 1979 ed to sign in Washington next the unratified SALT strategic arms treaty.

The question of how to interpret the ABM treaty has put the Congress and the White House at loggerheads. It is also a critical issue separating the United States and the Soviet Union in their efforts to conclude a treaty reducing longrange arms.

The Senate has adopted an amendment that would block the administration from acting on its "broad" interpretation of the ABM approval of Congress. The House has passed a similar amendment.

President Ronald Reagan has threatened to veto legislation that would prevent him from acting on the administration's "broad" view, which would allow an expanded pattern of testing for space-based anti-missile defense.

Under the reported compromise, the Congress would stipulate that funds approved for the 1988 fiscal year would be only for the current schedule of Strategic Defense Ini-tiative tests, all of which conform to the traditional restrictive interpretation of the ABM treaty.

Funds could not even be used to buy hardware for possible future tests that would go beyond this schedule and that would violate the strict interpretation of the treaty. But the legislation will not affirm

the traditional interpretation, and the issue will have to be faced again Officials said an accommodation had also emerged on the issue of

the 1979 strategic arms treaty

Still -

cross-border scale.

are attending the course in the re-

Chemobyl accident occurred in Western Europe.

Dr. Gunn said that until now there had been little in the way of preparedness for disasters on a professor from the Pontifical Acad-

"These things will happen," he said in a telephone interview. "You after one patient at a time and give hope they won't, but you must be all to save human life, it is hard to prepared for them all the same. For consciously let someone die in or-

With no nuclear pretensions of its own, and no polluting indus-tries, San Marino, an independent surrounded by Italy, was a suitably neutral place to establish the center for disaster medicine last year.

"This is a small country that thinks big," said Dr. Gunn, a Canadian surgeon who until recently was director of emergency relief operations at the World Health Organization The center was established under

the auspices of the 21-nation Stras-bourg-based Council of Europe, and the decision to run a symposium specifically dealing with nu-clear and toxicological disasters was made after a meeting of environment ministers from France, Greece, Italy, Luxembourg, Malta,

fessionals at the course are attending lectures and participating in role-playing workshops designed to develop their powers of making life-and-death decisions during a catastrophic disaster.

Part of the process is learning triage, the process of sorting the survivors who have hope of living



Work, Academic, Life Exp Send detailed resume

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"Another meeting is possible."

These and other top officials,

speaking with Western reporters at a Kremlin reception, said they did

not anticipate that any of the out-

standing issues would pose a seri-ous obstacle to concluding the trea-

They suggested that high-level

intervention would be needed to

bring the two sides together in Ge-

neva, where Soviet and American

During the reception, Boris N.

resign as head of the Moscow party

organization, stood apart from his

colleagues, seemingly ill at ease.

Mr. Yeltsin stunned a meeting of

Mr. Shevardnadze said.

technical differences in a treaty to ty in time for Mr. Gorbachev's

Foreign Minister Eduard A. She- There were prolonged periods

George P. Shultz to make final the Central Committee on Oct 21

emy of Sciences in Rome. "For a doctor trained to look this, you need knowledgeable peoder to concentrate on someone who has a better chance to live." Gunn said. "Some doctors find this

extremely stressful, but it is some-thing that cannot be ignored." Some of the people attending the course went on their own initiative; others were sent by hospitals or university medical faculties and some were sponsored by national civil defense organizations.

Some participants have relevant background, such as a speciality in nuclear medicine, or disaster experience gained during the Ethiopian drought. But none have undergone previous training in large-scale disaster management.

Dr. Gunn said the course was the first of its kind and was likely to be repeated next year. He said that events such as the Chemobyl accident or the pollution of the Rhine River by a Swiss chemical company in November 1986 had international ramifications, yet showed "a total lack of preparedness" to deal with catastrophic events on an international scale

"For the first time," he said, "there will be a body of people who will be able to speak to one another across frontiers under disaster conditions. We hope this course will have a snowball effect — that these people will go home and train oth-

Once a list of such experts has been established, it will be given to organizations such as the World Health Organization and the Unit-ed Nations Disaster Relief Organi-

said. "That is why we are interested in creating a bank of trained people who would be available in the event of a major crisis. During normal times, they would continue doing their normal jobs."

# for the deployment of bombers car-rying cruise missiles, congressional experts said. preparations for the summit meet-ing, which is scheduled to begin Dec. 7. preparations for the summit meet-ting, which is scheduled to begin change was too slow and threaten-ing to leave his Moscow post. ing to leave his Moscow post.

United States into compliance with vardnadze said he might meet when no one spoke to him.

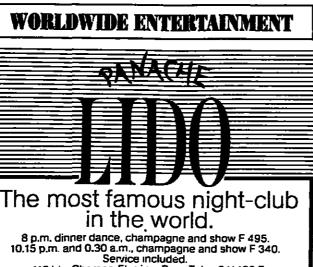
By Barry James

San Marino, a diminutive republic that does not have an army, a nuclear power station or even a chemical plant, is staging the world's first international sympoeffects of a major nuclear or toxicological disaster.

months ago clearly in mind, 120 doctors and health professionals

Dr. William Gunn, vice president of the organization responsible for the course, the newly creat-ed European Center for Disaster Medicine, said the plan was to set up an international body of professional experts who could quickly respond if a catastrophe such as the

which was never ratified by the



116 bis, Champs-Elysees, Paris-Telex 641433 F

Tet.; (19-1) 45.63.11.61 and agencies.

# **Getting Ready for the Next Disasters** "broad" interpretation of the ABM treaty for two years without the In San Marino, Planning for Atomic or Chemical Trouble

■ Soviets Focus on Treaty

Philip Taubman of The New York

Times reported earlier from Mos-

Senior Soviet officials said Satur-

day that high-level attention would

be required to resolve remaining

eliminate intermediate range mis-

Yuli M. Vorontsov, first deputy

foreign minister, said he and other

in ironing out unresolved issues

about verifying compliance with the accord, which Mikhail S. Gor-

bachev and Mr. Reagan are expect-

American adherence to the treaty

and threatened to veto legislation

States to adhere to it.

that would compel the United

The Senate and the House have

passed amendments that would

compel American adherence to

main treaty limits as long as the

Under the emerging formula, Congress would require the admin-

istration to withdraw an old Posei-

fiscal year instead of overhanling it

This would result in an estimated

This move would not bring the

would not completely compensate

Russians observe those limits.

sium on how to manage the after-

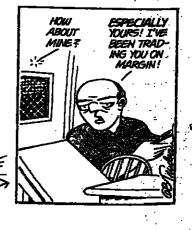
With the accident at the Chernobyl nuclear plant in the Ukraine 18 country of 24,000 people entirely public's mountaintop capital southwest of Rimini, Italy.

Portugal, Spain and Turkey. During a three-week period, pro-

from those who do not, and the lectures included one on ethics by a

SACHELORS • MASTER'S • DOCTORATE

"The international organizations do have standing teams that can be rushed to disasters," Dr. Gunn



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Im Senator Lloyd Bentsen. bacca of Texas, one of the nemana said he still though: there wadance for what has become ski a mega pian one that tale save significantly more than Disting a 1983 and much more

Court Rebukes Coursel Handling ran Contra Affair Hazington Post Samera

WASHINGTON — In a sharp the lo Lawrence E. Waish, the idenden counsel investigating the course investigating the course affair, a federal appear on the dismissed a contact of course of the course of a wantender the records of eight mapanies linked to the afhading Mr. Walsh his first on defeat, a three-judge panel of the U.S. Circuit Court of Appeals and Friday, the Court of Appeals

led Friday that a lower court had and in rejecting Mr. Hakim's hat hendment claims that he had accommon to the house with a grand investment and the house with a grand investment and the house with a grand investment. inde monds. 

The appeals court judges said when the process of the order.

The appeals court judges said when the known was wrong in the process had been the could enforce the result jurisdiction over Mr. Hatter hearings, the panel said that when the process had been the panel said that some own each of the companies. Mr. Hatter hearings the panel said that the said of the companies with the panel said that the said of the companies. Mr. Hatter hearings of the companies with the panel said that the said some court acts of the companies. Mr. Hatter one of four publicity will investigate of Mr. Walsh's criminal investigation, served as finances of the U.S.-Iran arms-formal, in setting up Switz at the panel said actions. He played a key said sains up Switz at the panel said a key with the panel said actions. Magazinar U.S.-Iran arms-for-ing in sening up Swiss bank ac-als profit the pository for the arms

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corried in a report in resistance of Friday and could be pilot of the Thai plane believed to the Thai plane believed to be the trying to be he paint or the Anal plane pelicinity Dragon Airlines was trying to be stated in." the transcript quote the constant discussions as by

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oves Mayor as Direct SCO's General Conference has we-

to Mayor Zaragoza, a former Spanie rector-general. 1-7, the 53-year-old biochemis sails rsuade the United States and British

of States left the 158-member organic year after protesting that the United Cultural Organization was poorly to man-Western bias. section of ters out maneuvered those of he benef director, to allow the Spaniand up

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# WEL UPDATE

offot Service Set for! Pan American World Alfways miles

La jour Moscon New York stones! Charles Acker, sand in 22 minutes and May 15. Mr. Acker told the day in

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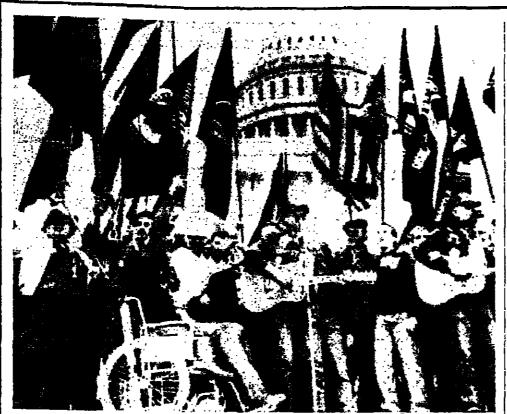




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The appeals court judges said Judge Robinson was wrong in holding that he could enforce the subpoenas simply because he had personal jurisdiction over Mr. Hakim. In remanding the case for further hearings, the panel said that Mr. Walsh "must show that the district court has personal jurisdiction over each of the companies whose records it seeks."

Mr. Hakim, one of four publicly named targets of Mr. Walsh's criminal investigation, served as financier and negotiator for many phases of the U.S.-Iran arms-forhostage schemes. He played a key role in setting up Swiss bank accounts as a repository for the arms



PRELUDE TO VETERANS DAY - Vietnam veterans gathering on the steps of the Capitol building in Washington to press their concern about soldiers still unaccounted for from the Vietnam War. Veterans Day is celebrated on Nov. 11 in the United States.

### Nighttime Jogging Revives Central Park

More joggers than muggers are frequenting Central Park in Manhattan these nights. Fred Lebow, president of the New York Road Runners Club, which organizes group runs in the park three nights a week, says there is safety in numbers. He told The New York Times that the park is enjoying a "renaissance" and is much safer than it was a decade

Statistics bear him out. As of July there had been two murders in Central Park this year, compared with one last year during the same period, according to a police spokeswoman. But robberies declined 12 percent and grand larceay 21 percent in the first seven months of this year. There was one rape fewer than the seven reported last year. She said few of the incidents involved

"No one robs people running around in their underwear," the parks commissioner, Henry J. Stern, says. "If they are accosted they can outrun their attackers. They are difficult quarry."

Even so, runners say they are

### AMERICAN TOPICS

careful. Many refuse to wear stereo headphones at night, unlike their daytime counterparts. Many run with partners or in groups. Jacqueline Lebow, 26. a buyer for a department store. uses a trick her grandmother taught her. For protection, she places one key between each finger until she has created a claw of

### **Short Takes**

The step-granddaughter of a man whose initials, RLB, appear on jewelry from the Titanic says she has no plans to claim it and wishes it had been left in the sunken ocean liner. The Titanic's passenger list showed Richard L. Beckwith, who survived the sinking, as the only person on board with those initials. Sally Behr Petrit of Wilmington, Delaware, said her family seldom discussed the disaster and never mentioned what they had left behind. She said she did not feel the jewels were hers "and did not favor their recovery in the first place."

ary and has changed it very little. "I brought a toothbrush and clock with me," he said. "That's environmentalist's dream: no pollution, no traffic jams. Then came the heavy-framed, fat-tired mountain bike with 15 gears or more. The Washington-based Bicycle Federation of America says the number of such bikes has grown from 200,000 in 1983 to 2.6 million in 1986 and will dou-

ble again this year. Complaints

also are multiplying about bikers

speeding, raising dust, crowding

hiking and horseback trails and

ruining vegetation. The bikes

have been banned or restricted to

fire roads on public parks and trails in California, Colorado

Model apartments typically

cost \$30,000 to \$80,000 to deco-

rate and furnish, but are consid-

ered indispensable by the build-ers of new condominiums and by potential customers. Some peo-

ple are even interested in buying

York Times reports. They might

be newly divorced, or simply out-of-towners seeking a pied-à-

terre. "If you like to decorate, I

guess you don't buy a model," said Randy Seltzer, 31, a busi-

model apartments. The New

and elsewhere.

Notes About People

nessman who moved into a Man-

hattan model apartment in Janu-

Representative Patricia Schroeder, the Colorado Democrat who coined "Tellon president" to describe Ronald Reagan, says the current Wall Street market is neither bull nor bear. but a kangaroo that jumps up and down. "Kangaroos are tough, resilient and adaptable to all kinds of terrain and hardship," she said. "In other words, if you think the kangaroo market is going to disappear, guess

Buddy Rogers, 83, told a Washington audicace at a revival of his 1927 hit film "Wings" that Clark Gable warned Mary Pickford, "America's Sweetheart" of the silent film era, not to marry Buddy, who was 11 years your ger. Gable said it would not last. It lasted 43 years, until Mary's death in 1979.

-ARTHUR HIGBEE

# U.S., in Shift, Ponders Direct Talks With Nicaragua

By John M. Goshko

Late Book and the party of the first of the party of the

White House

Tax Increase

By Jonathan Fuerbringer

New York Tures Service

Secretary James A. Baker 3d has

told congressional budget negotia-

tors that he is ready to discuss a

substantive package of tax in-

creases but that in return he wants

a commitment from Democrats on

how much domestic spending they

are willing to cut, according to par-

specific tax increases, made his of-

fer Friday, partly in an effort to move the Democrats toward an

agreement, the officials said.

Mr. Baker, who did not mention

But they also said Mr. Baker's

offer reflected his new effort to

press for an agreement as quickly

as possible to show U.S. allies, es-

pecially West Germany, that the

Reagan administration was working to reduce the federal budget deficit, which was \$148 billion in

The officials said pressure from

the administration to forge an agreement quickly had made it un-

likely that the House, the Senate and the White House could pro-

duce a proposal that would save

significantly more than their mini-

weeks ago, are aimed at producing

a package of tax increases and

spending cuts that would reduce

the budget delicit for the fiscal year

1988 by at least \$23 billion. With-

out a compromise, \$23 billion in

spending cuts, half of them in the

military budget, would go into effect automatically on Nov. 20 un-

House and Senate Democrats

appeared to be caught off guard by the proposal of a \$30 billion deficit-

reducing package by House Re-publicans, with the general backing

when the Democrats will continue

to review the Republican proposal.

some quarters for his handling of

economic policy before and after

the stock market plunge of mid-

October that increased pressure to reduce the budget deficit and

'Jim Baker baidly wants a deal,

While the discussions had

percent the cost-of-living increases

for Social Security and other feder-

al programs, which would be one of

the main ingredients in any major

package, several officials said they

did not think it was possible to

reach a compromise on such a plan.

of Washington, the House majority

eader and the Democrats' lead ne-

gotiator, said that any cut in Social

Security was not a part of the nego-

But Senator Lloyd Bentsen,

Democrat of Texas, one of the ne-

gotiators, said he still thought there

was a chance for what has become

called a "mega" plan, one that

would save significantly more than \$23 billion in 1988 and much more

**Counsel Handling** 

Iran-Contra Affair

Washington Post Service

rebuke to Lawrence E Walsh, the

independent counsel investigating

the Iran-contra affair, a federal ap-

peals court has dismissed a con-tempt citation against an arms dealer, Albert A. Hakim, for refus-

ing to surrender the records of eight

foreign companies linked to the af-

WASHINGTON - In a sharp

Court Rebukes

Representative Thomas S. Foley

any deal, that he can show to the

'Germans and our allies," said an

brought about the negotiations.

Mr. Baker has been criticized in

of the White House.

agreement soon

der the budget-balancing law.

The talks, which began two

mum goal.

the fiscal year ended Sept. 30.

ticipants in the talks.

WASHINGTON - Treasury

States is considering direct talks until Managua agreed to open with Nicaragua about Central communications with the contras. American security issues. The development follows the Sandinist

An earlier nine-round series of would ask his country's Roman

ber Sandinist National Directorate.

A West European official, who met

for two hours with Interior Minis-

ter Tomás Borge Martinez the day

before the announcement, said Mr.

Borge already was aware of, and supported, Mr. Ortega's decision to open an indirect dialogue with the

The decision was momentous for

cenaries and demanded bilateral

Mr. Ortega's announcement was

seemed taken aback by Mr. Orte-

ga's speech was Bayardo Arce Cas-

taño. Mr. Arce, who attended the

speech along with about 30,000 other Sandinist supporters, gri-

eras as Mr. Ortega made the an-

However, Mr. Ortega's main

problem appears to be not with the

Sandinist leadership but with the rank and file, and partly it may be a

In the past two weeks, the San-

dinists have mobilized grass-roots

problem of his own making.

States in 1984. U.S. officials have mediary in indirect talks with the Washington Post Service said since then that they would not contras about implementing the WASHINGTON — The United deal directly with the Sandinists cease-fire called for under the fivesaid since then that they would not contras about implementing the nation Central American peace

> and is supposed to be fully in effect by Jan. 4 Sandinist radio said Saturday in

Managua that Mr. Ortega is to visit Salvador and Guatemala.
the United States on Wednesday The officials noted that for a meeting of the annual Organi-

the Reagan administration re-neighboring countries. sponds to Mr. Ortega's call for difor the contras.

Even if all conditions are met, sues as the size of the Nicaraguan the officials said, the United States armed forces and the logistical and has not made decisions about the other assistance it extends to leftist format, context or timing of any talks with Nicaragua. In particular, the officials continued. Washington wants to consult closely with the four other countries that are gin this week during the OAS asparties to the regional peace agreement: Costa Rica, Honduras, El

The officials noted that some of these countries, in particular Honzation of American States assem- duras and El Salvador, have exbly. There was no indication that pressed concern that the United he would meet with senior U.S. States might reach an agreement with Nicaragua resolving its con-U.S. officials stressed that before cerns in the region but not those of

The United States has expressed rect U.S.-Nicaraguan talks, Mana- particular concern about Nicaragua's dialogue with the contras gua's military and political ties must begin, and show signs of be- with Cuba and the Soviet Union ing serious. In the meantime, offi- and wants commitments that Nicacials have indicated that they are ragua will not receive fighter planes holding off until January on a re- and other advanced weaponry

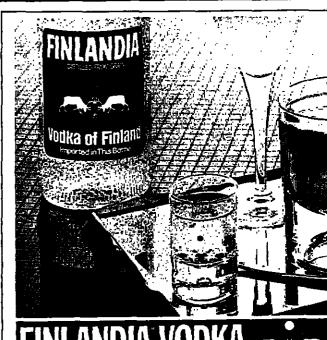
are more concerned about such is- countries.

guerrillas in neighboring countries. According to the officials, the consultations with the other four

Central American nations will besembly, which is to open Monday. Foreign ministers of all four countries will attend the assembly and the officials said it would be the logical place for high-level talks that would include Secretary of State George P. Shultz and other U.S. officials.

After the signing of the peace agreement in Guatemala on Aug. 7, Mr. Ortega rejected the idea of negotiating with the contras and demanded direct talks with the United States, asserting that Washington controls the contra His government changed its po-

sition only after heavy pressure quest of \$270 million in military aid The Central American countries, from leaders of the four other



### Head Office: FRANKFURT Also located in: ABIDJAN ASUNCION ATHENS BANJUL BARCELONA BEIJING BEIRUT ROGOTA BRAZZAVILLE BUJUMBURA CAIRO CARACAS CHICAGO CONAKRY DAKAR DOUALA GENEVA GUATEMALA CITY HARARE HONG KONG HOUSTON ISTANBUL JAKARTA JOHANNESBURG KIGALI KINSHASA LA PAZ LIBREVILLE LiMA LOME LONDON LOS ANGELES LUXEMBOUR LYONS MADRID MANAMA MELBOURNE MEXICO CITY MAM MILAN MONTEVIDEO We're redefining the limits of PANAMA international financial services. PARIS OHITO RIO DE JANEIRO And that takes more than just SANTIAGO SAC PAULO

a global presence.

### Nicaragua signed the agreement, which was implemented last week However, U.S. officials said Saturday that the United States is regovernment's agreement to discuss assessing its position in light of President Daniel Ortega Saavedra's

tra rebels through an intermediary. announcement last week that he

Some Sandinists Balk

discussions in Manzamillo, Mexico, Catholic primate, Cardinal Miguel was broken off by the United Obando y Bravo, to act as an inter-

The talks will resume Monday At Overture to Contras the key members of the nine-mem-By Julia Preston

ington Post Service MANAGUA - The proposal by President Daniel Ortega Saavedra of Nicaragua for indirect cease-fire talks with U.S.-backed rebels through an intermediary bas drawn praise in many quarters of Central America, but not in his own coun-

dollar continue to fall in world Scant press coverage of the unexmarkets and let interest rates depected announcement, made to the Sandinist government because meet a deadline for implementa- it conferred new legitimacy on the cline to lessen the possibility of a tion of a Central American peace contras. Before this week, the San-One official said he was worried plan, hinted at the heat that Mr. dinists had dismissed them as merthat Mr. Baker might be willing to Ortega is taking within the Sandinist National Liberation Front for talks with Washington. accept a proposal that was not as tough on spending cuts as he would normally want; just to reach an his decision.

The official Sandinist newspaper an indication of the extensive risks Barricada devoted two and a half he is willing to take to keep alive pages to the Thursday speech, in the peace process, which could which Mr. Ornega announced that bring an end to U.S. funding for the government would seek to ar- the rebels. a nationwide cease-fire with the rebels, or contras, through indirect talks. But the newspaper devoted only one paragraph to the new dialogue. On Saturday morning Barricada

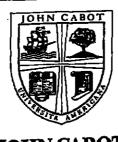
reported on its front page that Mr. Ortega had met Friday with Cardimaced in front of television camnal Mignel Obando y Bravo to ask the prelate, a staunch critic of the Sandinists, to serve as the intermediary in the talks. But the article did not mention with whom the dialogue would be held. Elsewhere in the region, though,

the response to Mr. Ortega's announcement was favorable. President Oscar Arias Sánchez of Costa Rica, who authored the peace plan and won the Nobel Peace Prize as a result, called the indirect cease-fire talks "a positive gesture" that has made him "tnore optimistic than ever" about the success of his peace plan, signed on Aug. 7 by the presidents of five Central American

has the necessary flexibility."

organizations around a political line adamantly rejecting what they called a "political dialogue" with contra leaders. The Sandmist leadership tried to make the distinction between power-sharing negotiations, which it continues to reject, and the proposed indirect cease-But the distinction was appar-

"The main obstacle to peace is intransigence," Mr. Arias said, and Ortega has demonstrated he mist and other do-or-die followers. Their silence about the contra talks According to diplomats and government officials in the region, Mr.
Ortega had the backing of most of continued ever since.



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# Devaluing the Dollar

### A Way to Buy Time

If push comes to shove, says Treasury Secretary James Baker, Washington will not raise interest rates to protect the value of the dollar. Mr. Baker has his priorities right: The risk of high interest rates causing recession exceed the risk of a falling dollar leading to a punishing inflation.

Although sensible, this calculation is no

substitute for curbing U.S. fiscal profligacy and correcting the allies' misplaced conser-vatism. West Germany's reluctant decision to reduce interest rates is only a shuffle in the right direction. Until the industrial powers accept the need for close policy coordination,

world prosperity will hang by a thread.
With U.S. federal deficits absorbing \$1.5
trillion in savings during the 1980s, America depended on foreigners to provide much of its economy's capital. Now the party is over. Private investors, fearing repayment of their debts in depreciated currency, are no longer eager to put the next round of import bills on the tab. And that has left the economic powers with risky and unappealing choices.

Central banks could go on purchasing the dollars shunned by private investors, in cffect supplying the yen and marks that Americans need to keep on buying all those Toyotas and BMWs. But the appeal is wearing thin for German and Japanese bankers, who have been forced to absorb tens of billions of dollars in the last few months.

America might, of course, coax back private foreign capital by raising interest rates. But more expensive credit would cut car sales, housing construction and industrial investment, likely pushing an already wob-bly American economy into recession. That is why Mr. Baker prefers to let the dollar slide. His strategy has the added advantage of making U.S. goods more competitive, thus reducing the U.S. trade deficit and the U.S. appenite for foreign capital. But the 20-to-30percent fall in the dollar needed to right the trade balance quickly would raise U.S. living costs by 2 or 3 percent. In the process, the dollar's descent could trigger panic in both the currency and the securities markets as dollar investors rushed for safer havens.

At best, dollar depreciation is a tactic for buying time. The United States made its way through the 1980s saving too little, while West Germany and Japan saved too much. Changing exchange rates would not painlessly resolve underlying imbalances; it would simply redirect the financial stresses.

With foreign capital unavailable, the U.S. Treasury would be forced to compete with private investors for scarce savings. Such competition all too often creates inflation. West Germany and Japan would be in trouble, too; unable to export their surplus savings, they would face stagnation.

There is no telling, then, how the Reagan administration's policy on the dollar will play by itself. The policy's effect will depend on more basic decisions. America must contain the budget deficit, creating room to

Japan and West Germany must stimulate domestic demand, allowing their economies to operate at capacity without spewing humdreds of billions of surplus capital into the American market. A well orchestrated de-cline for the dollar could make this process easier, but the real payoff lies in taking these two steps as quickly as possible.

- THE NEW YORK TIMES.

### Part of the Solution

Now that the dollar is falling, how far down is it going to go? There is no reliable way to forecast that, for the process is hard to control and the foreign exchange market has a notorious tendency to overshoot. As long as the Reagan administration declines to interfere, the dollar's exchange rate will be set by the number of dollars that foreigners want to buy. The fall can feed on itself. If investors think that a currency will keep dropping, they are unlikely to want to buy much of it, and their predictions then become self-fulfilling. In those circumstances, the dollar could fall a long way.

To which many economists will say: good. That is the conventional way to end a trade deficit, and the gigantic U.S. trade deficit needs to be ended. America's foreign debts are piling up much too fast for safety.

But there is a little more to it than that. The Congressional Budget Office has produced a study showing that the trade deficit is on a rising trend, and that of all the standard prescriptions only two would actually reduce it: a recession or a falling dollar. A typical medium-sized recession, lasting half a year, would have only a very modest and short-lived effect. Devaluing the dollar would be far more effective. But here again, the CBO's model showed, the relief is temporary. If there is no other and deeper change in the economy, even depreciating the currency brings only transient relief.

Recent British experience makes that point clearly. Beginning in 1967, Britain re-peatedly turned to devaluation of the pound to try to get its economy moving faster. But as the pound fell, growth sputtered and unemployment rose. Letting the pound fall turned out to be no automatic ticket to prosperity. Nor, incidentally, does a rising currency necessarily choke off growth. The pound has been rising steadily against the dollar for nearly three years, and Britain's growth rate has been rising as well.

For six years the Reagan administration has pushed American incomes artificially high by running the large budget deficits that produced, in turn, large trade deficits. But the lenders are beginning to cut off the loans that made it all possible. Incomes will have to come down, by taxation or by inflation. Productivity and quality of output have to rise. To rely solely on devaluation to deal with the trade balance will generate inflation, weaken America's credit abroad and pass the basic repair job on to the next president.

— THE WASHINGTON POST.

# The Filipinos' President

Is President Corazon Aquino of the Philippines up to her job? That question comes a short year after she was hailed as a political messiah. The Reagan administration recognizes that one extreme is as invalid as the other. Mrs. Aquino remains one of

What she needs from the United States is consistent, realistic political support and as much aid as Washington can possibly afford. Last week's murderous attacks on American personnel, with warnings of more to come, should not deflect the administration from seeing through the democratic transition it belatedly championed two years ago.

Americans have long been prone to simplistic visions of Philippine events, while remaining remarkably ill informed about the real problems of that former colony. Since independence they have stressed the common heritage and the strategic ties, but have rarely paused to consider the economic and social legacies of colonialism and the narrow social base of the Manila government. American presidents from Richard Nixon to Ronaid Reagan convinced themselves that Ferdinand Marcos was an anti-Communist bulwark, even as his corruption and insensitivity

made thousands of new Communist recruits. No sooner did the myth of Marcos as savior begin to yield to facts than a new one arose. Mr. Marcos became the arch villain and Mrs. Aquino the inspirational heroine in the wings. She came to embody that perennierate centrist," the alternative to revolutionaries. She is, in fact, a moderate, but she is also in a revolutionary crisis that sharply constrains her political options.

In celebrating her "people power" victory, scant attention was paid to the implications of military mutiny, weakening a tradition of obedience to civilian control. And it is too often forgotten that because Mrs. Aquino is part of the discredited old oligarchy, she has a special need to tend to the long-ignored and land-hungry rural poor. She has had her share of failures but retains the democratic mandate she won at the polls. She remains what she really has been all alone: an honest, appealing, fallible leader trying her best to consolidate a new democracy. It is an exceedingly difficult challenge, which Americans should not make more so by oversimplification and impatience.

- THE NEW YORK TIMES.

### Other Comment

### Congress, Too, Is at Fault

The demand is for Mr. Reagan to show "leadership," as if he were the only person who mattered in Washington. But, like all presidents, Mr. Reagan has to cope with an unruly Congress, in his case made even more unmanageable by the fact that it is controlled by the opposition party; he does not enjoy the luxury of a disciplined parlia-mentary majority which can be whipped into whatever lobby the prime minister decides. If there is a crisis of leadership in Washington it is a crisis for the American political system, not just the White House. - The Sunday Times (London).

**Bourguiba's Line Endures** In his statement on Radio Tunis, the successor of Habib Bourguiba, Zine el-Abidine Ben Ali, paid tribute to the "enormous

sacrifices" endured by Mr. Bourguiba "for the liberation of Tunisia and its development." Mr. Bourguiba's ouster is unlikely to lead to notable changes in foreign policy. The new head of government, Hedi Baccouche, and the figures who enter the cabinet are "moderates" opposed to any reversal of alliances. These have always been oriented toward the West, and there is nothing to indicate any departure from that policy.

An announcement over the radio of the removal of a head of state by his number

Le Journal du Dimanche (Paris).

two is not in itself an event that the democracies can be pleased with. In the very particular context of Tunisia, it is clear nonetheless that what has happened resembles a lesser evil. [Mr. Bourguiba] was no longer mentally fit to exercise absolute power, and he was refusing to let go.

— Le Monde (Paris).

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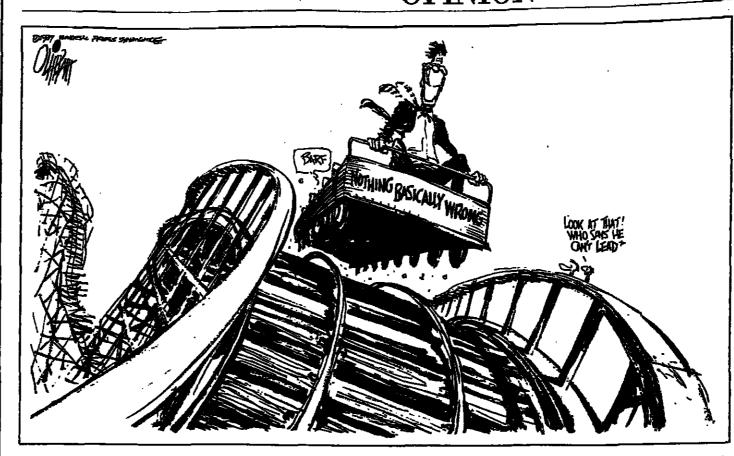
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## **OPINION**



# Don't Take International Cooperation for Granted

N EW YORK — As the panic on Wall Street fades, another crisis is brewing, this time between Washington, Bonn and Tokyo. It may be of

more lasting significance.

Last week's moves by West Germany and Japan to cut interest rates are welcome, but more significant reduc-tions will be necessary. As the Reagan administration and Congress get closer to a budget compromise, there could be major international conflict as America strong-arms its allies to do more to avert a global recession.

Beyond the cosmetic quick fix, the prospects for effective cooperation do not look good. Since the late 1970s, in fact, global economic cooperation has been a miserable failure. From private shuttle diplomacy to summit meetings, from mudslinging contests to harmonious photo sessions, nothing much has happened, save some collaboration to guide the dollar.

For the last few years, America's agenda has been consistent: We'll cut our budget, the Reagan administra-tion would say, if Bonn and Tokyo agree to take up the economic slack. Only, Washington never delivered, and, not surprisingly, neither did they. Assuming that a budget agreement is reached, the United States will be screaming for the allies to ante up. If Bonn and Tokyo don't oblige, they may precipitate a major crisis. This is

1 ment on Tariffs and Trade has

including free trade.

The fallacy is more cultural than

economic. Forty years ago the world

seemed a very simple place: The West

was industrially advanced; the rest of

the world lagged badly behind. It

seemed obvious that the work and

productivity ethic developed by the

Western peoples, specifically the North European and North Ameri-

can peoples, was the ultimate that

mankind could aspire to. The others

could only hope to match it. They could not hope to surpass it.

In this situation the logic of free trade is obvious. It expands world eco-

nomic activity. It also helps everyone to upgrade industrial structure. So in a

world in which country A produces

cars, B produces textiles and C can-

not manufacture anything, free trade

Instead of congratulating itself, it should be doing some serious re-thinking. The examples of Japan, the ward peoples in country B mana

other rising East Asian economies and the nagging American trade deficit show that the whole concept of a work and productivity ethic superior to that of A? This is what we are seeing in Japan and to some extent

GATT is based on a fallacy that in the rest of East Asia today. Some

could eventually strangle all trade, argue that it is due to the Confucian

allows A to move up to computers, B the trade imbalance, but such barri-

By Jeffrey E. Garten

Good Old Free Trade? But the Game Has Changed

By Gregory Clark

is why it could happen anyway. First, there is a strong feeling in Bonn and Tokyo that their policies have been right and Washington's wrong, and they don't want to pay for what they see as chronic American lack of discipline. In West Germany there is the added neurosis about inflation; in Japan, a sense that the govern-ment has already stretched itself to the limits to accommodate U.S. demands.

Second, neither government trusts Washington. They believe that its idea of cooperation is to mount a bailout effort only when America is in trouble. They remember the administration's arrogance about Reaganomics and its indifference to their pleas a few years when American interest rates

were high and the dollar was soaring. Third, the current objectives of the three countries are incompatible. The United States wants growth to offset the crash, and seems willing to accept some inflation in the process as well as a declining dollar. Bonn wants, above all, stable prices, and is prepared to sacrifice growth. Both are willing to see the dollar slide. Tokyo wants low prices, growth and, with an eye on its exports to America, a stable dollar-yen relationship. Something has to give. Fourth, and most important, it may

just celebrated its 40th anniversary. to move to cars and C to produce ers are only a small part of the prob-

ward neonles in country B manage to

ethic; some say it is due to other fac-

tors. But what is beyond argument is

the fact that these peoples now work harder and better than Westerners

brought up under the Protestant ethic of which they were once so proud.

trade is not so obvious. It allows

country B to take over production of

not just cars but computers, too, while C moves into textiles. Mean-

while, country A moves to the bottom

of the deck and ends up manufactur-

ing nothing. Its alternative is to cut its

living standards to the level of C, in

which case A might just possibly be

This, in essence, is the dilemma

facing the West today. The politi-

cians may say that trade barriers in

the East Asian nations have caused

allowed to produce a few textiles.

In this situation, the logic of free

But what happens if the once back-

no one's preferred outcome, but here be that the rules of the game have changed. Americans have in their minds that West Germany and Japan are partners, but for historical reasons they expect them to be compliant partners. Now that era may be over. Nothing symbolizes the new reali-

ties more than America's escalating debt and plummeting currency. Once, not so long ago, it financed the free world; now it is rattling a tin cup. Once the dollar was the symbol and means of power and influence; now prominent Americans are prescribing ever lower levels for the dollar.

West Germany, moreover, is so tightly tied to Europe that it may feel that reduced U.S. links are acceptable. Japan always acts politely, but it is in a position to wield the big stick like the

powerful creditor that it is. There has been during the last 30 years a not so implicit deal. The United States has borne the defense burden. In return, the allies have supporteconomy. That deal could be unraveling now. It is not that Europe and Japan do not want military protection. But neither seems inclined to hold up its end of the bargain now, and both doubt that America will pull the defense rug out from under them.

They could be wrong. The major

lem. The real problem is that when

GATT was created no one dreamed

issue facing the next U.S. administra-tion is not whether to share financial, trade and security burdens more evenly with the allies, but how to do it fast. Fiscal and trade pressures on

America will leave no choice. The recent interest rate cuts will not convince the markets, which have seen such accords break down before the ink dried. If Bonn and Tokyo fail to make significant accommodations, the political backlash in America could be fierce. Farmers, exporters of manufac-tured goods and labor unions will have a new whipping boy for their trade problems. This time they will be joined by Wall Street and Main Street, both dreading an economic downturn.
In the end, there is little that Wash-

ington can do if Bonn and Tokyo stonewall — at least little that won't hurt America, too. But we should not assume that rationality will triumph over emotion. One lesson about the 1930s - the one about providing adequate liquidity after a crash - seems to have been learned. But what about the lesson of what happens when there is no one strong leadership, and inter-national cooperation breaks down?

The writer, a New York investment banker, was deputy director of the State Department policy planning staff from 1976 to 1978. He contributed this comment to The New York Times.

# Same Facts, A Different Message

By Jim Hoagland

P ARIS — Language has replaced fact as the central component of truth. Bombarded with distant and often unrelated facts, citizens are both prey and accomplice to polifi. cians who can organize any given act of facts into a coherent "truth" that makes them more comfortable. Ronald Reagan's mastery of this techand Reagan's mastery of the learning and was on display again in a speech last week that was televised in Europe but not seen in America

The speech was an opportunity to reassure Europeans concerned about Mr. Reagan's handling of unclear strategy. He seemed aware that his apparent ambition to abandon reliance on offensive nuclear weapons to deter the Soviet Union and its Warsaw Pact allies from attacking NATO had disturbed citizens and officials in Enrope. It is not that Mr. Reagan changed his position in this speech, televised over the USIA's Worldnet satellite system to American embassies and broadcast on Voice of America radio, in order to please a new audience. He did not. What he did was to take the same set of facts that he uses when he tells American audiences about the immorality and inherent evil-of nuclear weapons and use them to support the case for continuing nuclear deterrence for as long as possible.

Gone were his earlier condemna-

tions of nuclear weapons as an evil that must be abolished. Nor did he refer to his promises to the American public to make nuclear missiles obso-lete by setting up a space-based screen of defenses. The Strategic Defense Initiative received only scant mention in the 22-minute address.

Instead he declared that the forthcoming missile treaty would actually "ensure the credibility of our deter-rent" rather than weaken it. He welcomed projected significant increases in the nuclear arsenals of France and Britain, perhaps suggesting that some-how these wily old Europeans have found a way to make nuclear weapons that are not evil. He warmly praised European efforts to expand conventional military cooperation.

I am sure the intentions of the president, and of those advisers who told him he needed to reassure the Europe-ans, were admirable. But I fear that to the extent that it has any impact - it was little noticed in the press in France -the speech will add to the confusion about what President Reagan really thinks about nuclear deterrence and what he plans as the next steps after

the medium-range missile treaty.

That question has already created bitter divisions in Bonn, divisions that will have been exacerbated by the one change in U.S. policy that Mr. Reagan did signal. He deliberately ended the ambiguity put into the formula adopted at the Reykjavik NATO foreign ministers' meeting last June to keep fuzzy the question of when negona-uons on battlefield nuclear weapons would begin. In a phrase that confirmed that Vice President George Bush had presaged a hardening of U.S. policy on this point in press conference remarks in Paris last month, he said that "existing imbalances in conventional forces and chemical wear ons must be redressed prior to any

further nuclear reductions in Europe. This means that the hopes voiced by West German Foreign Minister Hans-Dietrich Genscher and even by members of the more conservative wing of Chancellor Helmut Kohl's Christian Democratic Union to get negotiated cuts in short-range nuclear weapons that will in all likelihood only be used on German soil now recede into the distant, distant future, much to the satisfaction of Defense Ministry officials in Bonn, Paris and London.

That Mr. Reagan made the speech at all is an interesting sign about the growing impact of foreign opinion in America as the presidential campaign gears up. That is one of the coasequences of becoming the world's largest debtor nation. The election in 1988 could be the one in which Americans say goodbye forever to the treasured notion that their national leadership contest is decided almost exclusive on domestic issues, with small regard to what the rest of the world thinks.

The most spirited moment of the Houston debate of Republican candidates came in the verbal dustup between Mr. Bush and Al Haig, who argued about whether European leaders favored the Soviet-U.S. missile treaty (Mr. Bush's view) or not (Mr. Haig's choice.) Here was a previously mind-boggling thought on full view of an American television audience, for the Bush-Haig argument suggested that the candidates, and thus American voters, should actually care what Europeans think about anything The Washington Post,

# A Strange Way to Strengthen the Court

B OSTON — The collapse of another Supreme Court nomination tells much about Ronald Reagan. It shows the price Americans pay for having a president who in even his most solemn appointing function is driven by narrow inter-

ests of politics and ideology. How could a president who talks about the need for law and order pick as a Supreme Court nominee someone who illegally used marijuana when he was a law professor? How could a president who has pro-

claimed the war against drug abuse fail to be informed of that easily discoverable fact about his nominee? The questions are not hard to answer. President Reagan was interested in only one thing when he made his choice for the Court: stuffing a

conservative down the throats of the senators who had defeated Robert Bork. In the rush to revenge there was no time for care in scrutiny. The partisan, ideological motiva-tion was clear from the start in Mr.

Reagan's nomination of Judge Douglas Ginsburg. The choice was urged on him by Attorney General Edwin Meese and other zealots. The White House chief of staff, Howard Baker, counseled selection of a conservative whose qualifications would assure easy confirma-tion. But the president did not want

z justice. He wanted a fight.
Judge Ginsburg is an intelligent,
interesting man. But no one could seriously argue that he is among the lawyers best qualified to sit on the Supreme Court. He has never written about the court's principal modern concern, constitutional

By Anthony Lewis

Justice Department official is thin. Mr. Reagan made the act of an-nouncing the choice an angry parti-san occasion. He fulminated against the Senate for its care in considering Judge Bork's nomination and suggested that the delay had some-

how helped criminals. "The empty seat on the Supreme Court has been a casualty in the fight for victims' rights in the war against crime," the president said. The statement ought to win the 1987 non-sequitur prize for the speechwriter who gave it to Mr. Reagan to read.

There followed a barrage of White House piffle. Frank J. Donatelli, assistant to the president for political and intergovernmental affairs, sent a letter to lawyers and others around the country urging support for Judge Ginsburg and for immediate Senate hearings. "Judge Ginsburg shares the president's view about the importance of law enforcement," the letter said. "He does not believe that judges should constantly invent new roadblocks

for the police to overcome." Then came the disclosure about Judge Ginsburg's use of marijuana, apparently as recently as 1979. Mr. Reagan said it was just a youthful indiscretion. But Mr. Ginsburg was not a youth; he was a teacher of law.

There is a special peculiarity in Mr.
Reagan seeming to excuse drug use when he and Mrs. Reagan are so

There is a special peculiarity in Mr. on the Court, and another Jew. He put the merits above politics.

President Hoover, for all his trouwhen he and Mrs. Reagan are so identified with the war on drugs. But, like most things he does, that war is an institution. Mr. Reagan plays just words. The federal effort against with it for his political ends. law. His experience as a judge and a serious drugs has been declining in

effectiveness. Here as elsewhere the Reagan record is one of hypocrisy. Millions of Americans have tried

account of diminishing costs. The en-

unit costs become; or at best they

remain constant. In this situation,

free-trading nations automatically

But, as any Japanese maker of cars

achieve trade balance.

marijuana, and it would be preposterous to make that a general test of worthiness in society. But there is no way of escaping the fact that having on the Supreme Court someone who had violated the drug laws as an adult would be embarrassing or worse. Drug issues are a very impor-tant aspect of constitutional law right now. There are many proposals by government bodies and private companies to make employees take drug tests, proposals that are being fiercely resisted as illegal searches and invasions of privacy. A judge known to have used drugs would always be in an awkward position.

The defeat of Judge Bork drove the radicals of the extreme right into a frenzy. They could not bear the true meaning of the defeat: that the country rejected their desire for a wizened constitution and weakene judicial protection of individual rights. They pushed for a gesture of defiance, and Mr. Reagan obliged.

Compare how another conservative president acted. Herbert Hoover had a seat to fill on the Supreme Court in 1932. He had suffered an earlier defeat. Now he chose a judge of luminous reputation; Benjamin N. Cardozo of New York, Mr. Hoover made the appointment although there were already two New Yorkers

The New York Times,

volume. This is true not just for indi-vidual firms but for whole industries and even for countries. In this situation, the country which

ufacturing costs fall drastically with

that Westerners would fall behind in manufacturing productivity.

Having fallen behind, the West is happens to move a little bit more aggressively into new lines of probeing pushed relentlessly to the bot-duction than others, and which protom of the deck. The savage appreciatects its own producers in the early tion of the yen has slowed the process stages, ends up producing everysomewhat, but only somewhat. Al- thing, even without the advantage of ready Japanese manufacturers have a superior work and productivity regained much of the competitiveness ethic. Its rivals do not get the chance they thought they would lose vis-à-vis to produce even the goods for which the West. The yen will have to apprethey have a natural advantage. ciate much further for the manufac-

For example, it is likely that the turing trade balance to have any hope U.S. technology lead in semiconductors could have offset the advantage of even partial restoration. And even with the ven dearer, there is still the the Japanese have in production techproblem of South Korea, Taiwan, nology. But once the Japanese moved Hong Kong and Singapore.
The other problem with GATT's aggressively into full-scale production, the American lead quickly withfree trade theory is that it takes no ered. America is now faced with the probable loss of its entire computer tire theory is based on the rather quaint 19th century belief that the industry as a result. Western Europe has suffered a similar fate in a range more one produces, the higher one's of electronic goods industries. Before they start to think about

having to compete with India and China in textile production, there is something else the United States and Westem Europe could do. This is to face the fact that free trade and GATT are not going to solve their problems. They should protect and rebuild the industries they still have. They should form themselves into a large enough market to give themselves adequate economies of scale. Then from this position of limited strength they should negotiate the terms on which they will trade with East Asia

True, that means admitting some manufacturing inferiority. But it need not mean inferior living standards, since in agriculture and the service industries the West is still well ahead. In any case, this alternative is a lot better than the decline in living standards that would be needed to be able to compete with China and India in producing textiles. International Herald Tribune.

### 100, 75 AND 50 YEARS AGO

1887: Murder in Ireland DUBI IN - Murder outright seems to be the latest order of the Irish League. A despatch from Tralee tells a story of a larmer named Quirke, who had encountered the animosity of the league, as he had redeemed the farm of an evicted tenant. Last night [Nov. 7] he was visited by disguised men. His family, including a grand-daughter, were summoned into the kitchen, whither he was taken, and there, in their presence, shot dead. This is akin to what the Ku-Klux in the Southern States of America did

1912: New Life for Plays

twenty years ago to Union men.

NEW YORK -- Elizabeth Marbury,

moving-picture shows. That the business has become one of growing magnitude is evidenced by the large amount of capital invested in it. A drama that has outlived its popularity on the stage may be given with success in the motion-picture shows.

1937: Britain and Spain

LONDON — Foreign Minister Anthony Eden tonight [Nov. 8] defended in the House of Commons the British government's proposal to exchange "business agents" with that part of Spain which is controlled by General Francisco Franco. Lahor party spokesmen are very critical of this new step. To them an exchange of agents is equivalent to de facto recognition of General Franco's gov-ernment. Mr. Eden based his defense an experienced play broker, returned from Europe the other day full of enthusiasm for a new kind of colored moving-picture which she intends to exhibit. The current number of "Mc-Clure's Magazine" contains an illustrated article on staging plays for iron ore, copper and lead mines.

I have a substitute of the sub win Mann that he had street when he was in occient mind in 15 years.

Or Fidey, he said in Mobile,

Other than that he had never and marguana as an adult, but the state whether he had done so tolky be responded that it was indeg, he responded that it was a impropriate question.

In repose to reveiltions that impropriate professor at Harvard maile a professor at Harvard in School was so swift and negative force and these professor. min Mr. Gore and other politic on sparently decided they and afford to ignore the issue. has no early to tell whether medianos would be darraging sponers in Florida was negative.

Tempe of my generative are and because they've never in appeal to drugs or used in said William Crotty, 50, 2 Inna Beach lawyer who is Mr. ors up Florida func-raiser. the seration is where the fundme comes from He gets high eis for honesty, though, & Bebbitt, on the stump in per admitted he had smoked response several times "back in it to be bits when I was a civil post with down South." but he seed "So what's the big deal? It is

pot' and th

Gore and Babbitt .46

by Michael Specific

Branch R District

Madrid an Thai International's

Madrid, Spain. City of suns

long and picadors. And longkok via Rome ever

# Same Facts A Different Message

By Jim Hoagland PARIS — Language has tope face as the central compose treats. Bombarded with distant content unrelated facts, citizen and accomplice to the content of the c often unrelated lasts ching both prey and accomplice to be class who can organize any both of facts into a coherent "into a c makes them more comfortable and Rengan's mastery of the k mique was on display agin to speech last week that was the to speech that was the second in a second to second the second the second to second the second the second to second the second the second to second the se Europe but not seen in Among

The speech was an opportunity of the speech was an opportunity of the speech sp the seemed aware that his apambation to abandon reliant of icasive Dirical meabous to de Soviet Union and its Warm L turbed citizens and officials min

It is not that Mr. Reagan to his position in this speech the ower the USIA's Working at the cover the system to American embass. broadcast on Voice of America in order to please a new auton. did not. What he did was to the sells American audiences about sumorality and inherent cold ar weapons and use them to the case for continuing makes reace for as long as possible

Gone were his earlier onto tions of nuclear weapons at a that must be abolished North refer to his promises to the Am public to make nuclear meshe screen of defenses. The Strategy fense Initiative received only mention in the 22-minute atta

Instead he declared that the coming missle treaty would at "ensure the credibility of one rent" rather than weaken it h: comed projected significant in in the nuclear arsenals of France Britain, perhaps suggesting lang how these will old European found a way to make nuclearing that are not evil. He wanted European efforts to expend to tional military cooperation

I am sure the intertion of the dent and of those advisor the him he needed to reassure the be ans, were admirable. But I feet the extent that it has any mire. was little noticed in the pressile - the speech will add to thems shour what President Resear thinks about nuclear detailer. what he plans as the test said the medium-range misale trai

That question has almost in horses divisions in Bonn design will have been countried that change in U.S. policy that is it. die verst die delbersches madegraph put unto the formula ed at the Revigant NaTOE meniaters making has been किस्सु सेन स्थलित में बेट इ tions on halfeld news خدونك 102: Viz Preside & finat Bush had control a hately U.S. policy on the postings: ference remarks in Parsing said that "evering mishrate wenterfall from and denide cans must be reduced pint further aut ar returnes in

Dietneti Ceraher and onko hers of the more constraint Democratic Later to all a that we in the hard of on German Ca Bring, Estant. and arms of

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and James R. Dickinson Washington Post Service WASHINGTON -Two Democratic candidates for president, Senator Albert Gore Jr. of Tennessee and Bruce Babbitt, a former Arizona governor, have admitted that they smoked marijuana when they were young men.
In addition, two other politi-

By Michael Specter

cians, Senator Claiborne Pell. Democrat of Rhode Island, and Representative Newt Gingrich, Republican of Georgia, said that they also had once experimented with

Following revelations that Douglas H. Ginsburg, Presiden: Ronald Reagan's nominee to the Supreme Court, had used marijuana, nearly every presidential aspirant responded Saturday to questions about whether they had ever used drugs. Many of the statements came before Mr. Ginsburg withdrew his name from consideration

Three Republicans - Pierre S. du Pont 4th, Senator Bob Dole of Kansas and Representative Jack Kemp of New York - said they have never used illegal drugs of any kind, as did four Democrats - the Reverend Jesse L. Jackson, Senator Paul Simon of Illinois, Governor Michael S. Dukakis of Massachu setts and Representative Richard A. Genhardt of Missouri.

Mr. Gore, 39, said just before a presidential candidate forum at the Florida state Democratic convention in Miami that he had smoked marijuana when he was in college and the army but that he has not touched it in 15 years.
On Friday, he said in Mobile,

can. Are we ready for a modern American on the Supreme Court?" Alabama, that he had never smoked marijuana as an adult, but when asked whether he had done so in college, he responded that it was an "inappropriate question."

The response to revelations that Judge Ginsburg had smoked mari- Delaware and chairman of the Senjuana while a professor at Harvard ate Judiciary Committee, said he Law School was so swift and nega- considered calling a news confertive that Mr. Gore and other politi- ence to urge Judge Ginsburg not to cians apparently decided they could not afford to ignore the issue. It was too early to tell whether

the revelations would be damaging,

but initial reaction by some Gore supporters in Florida was negative. "People of my generation are Harvard professor — "a professor shocked because they've never of law" — in his 30s. been exposed to drugs or used them," said William Crotty, 56, a Daytona Beach lawyer who is Mr. Gore's top Florida fund-raiser. My generation is where the fundraising comes from. He gets high

marks for bonesty, though." Mr. Babbitt, on the stump in Iowa, admitted he had smoked marijuana several times "back in the late '60s when I was a civil rights worker down South," but had been raised about his lack of added: "So what's the big deal? It legal experience, his ownership of

Gore and Babbitt Admit Marijuana Use as Young Men beats me." Mr. Babbitt said that he used marijuana only once, and that had not used the drug since the it did not affect him.

'Pot' and the Presidential Race

The second secon

Also at campaign events in Iowa years ago. I used marijuana once at on Saturday, Mr. Kemp, Mr. Dole a party late at night in New Orand Mr. du Pont said they had never used marijuana.

In Saturday's editions of the Providence Journal-Bulletin, Mr. used any illegal drugs. In Iowa, Mr. Simon said when he Pell, 68, the chairman of the Senate Foreign Relations Committee, said he tried the drug "many years ago" when he "took several puffs of a even had heard of marijuana," add-

ing: "If people wanted to have a marijuana cigarette." 'I didn't like it and never tried it wild time they would sneak off with a six-pack of beer." He said he had

again." he caid. Mr. Gingrich said that he had taken part in that activity.

(Continued from Page 1)

common experiences were rock

that both spawned. It was a subcul-

ture dedicated to the proposition

"Folks are going to have to get

used to this," said Robert G.

Beckel, 38, who ran Walter F.

Mondale's presidential campaign

in 1984. "This is the age of Aquari-

"There is a certain irony here,"

his name, he smoked a little pot, he

ran a computerized dating service

- he sounds like a modern Ameri-

words, that could easily be forgiv-

orable formulation.

us growing up."



Senator Albert Gore Jr. waving to supporters after conceding that he had used marijuana when he was in college.

### \$140,000 in cable television stock 1987 has been an extraordinary ting to a dalliance with marijuana

when he was handling cable television matters in the Justice Departmusic and dope and the subculture about his views on constitutional

"The historical record is that 19

leans," he said, adding: "It didn't

Mr. Dukakis, Mr. Gephardt and

Mr. Jackson said they had never

was in high school, "I don't think I

have any effect on me.

that you could never trust anyone over 30, in Abbie Hoffman's mem-"One thing you need is strong supporters," Mr. Teeter observed, but Judge Ginsburg apparently had none in the Senate. Some of the conservative Republicans who were the strongest backers of Robert H. Bork, Mr. Reagan's first unsuccessful nominee to the court offered the most direct criticism of Judge Ginsburg last week.

in the words of a prominent Re-Regardless of the merits of Judge publican, age 43, who is close to the Reagan White House. Judge Gins-Ginsburg's fate, what happened to burg "is too modern. He's been married twice, his wives don't take him will contribute to a sense that

year for writing new rules in American public life. "This is a bizarre year," said Mr.

ملك أمن المجل

Biden, one of its victims. "It is going to go down like '68 without the sense of tragedy, but the same sense of the unexpected." Mr. Biden withdrew from the

race for the 1988 Democratic presidential nomination following disclosures that he committed plagiarism during law school. exaggerated his academic accomplishments and lifted speech mate rial from other politicians.

The spectacle of a 69-year-old Brahmin, Senator Claiborne Pell, Democrat of Rhode Island, admit-

symbolizes the new confessional ase in U.S. political history. Lynn Cutler, vice chairwoman of

the Democratic National Committee, observed that dope smoking has become "another small pothole on the way to the presidency. Frankly, I think the whole thing has gone too far."

Enough is enough," she added. "I've had it with this picking at things that don't matter.'

Mr. Biden agreed. "Contrition is not acceptable any more," he observed, complaining that a presidential candidate is expected to enquestions "that are contrary to our might have strayed off course and traditions of civil liberty."

### King Urges Unity (Continued from Page 1)

bargo against the country that fails

On the Arab-Israeli dispute. Hussein asked for an Arab consensus supporting an international peace conference. He accused Israel and the United States of ob-

structing the peace process. "Israel has succeeded in diverting the role of the United States from that of a superpower with a special responsibility for world peace into the role of sponsor of Israel and its interests," he said. ■ Missile Hits Baghdad

Loren Jenkins of The Washington Post reported from Dubai, United Arab Emirates:

An Iranian surface-to-surface DRUGS: Judge Seen as Victim of Clash Between Modern Era, Puritan Ethic on Sunday, killing 10 persons and wounding more than 100, an Iraqi military spokesman said.

An Iraqi war communique is sued Sunday night said the missile hit a "densely populated residential area of Baghdad and a large number of innocent civilians were killed."

Iranian radio, monitored in Dubai, said Iran had fired two missiles at Baghdad, one against the central broadcasting building and the secand at another "communications

It was not clear from the Iraqi reports what happened to the second missile. Because it was not redure "open-ended" personal ported as having hit the city, it

guiba on Oct. 2, Ali Bahaijoub. rronics and computers remains a London-based writer on today, he turned away from en-North African affairs, said: gineering at an early age and "Ben Ali will be sort of an autotoward a military and governcrat. He won't have to walfle ment career in which he adabout before he acts, whereas Mr. Ben Ah's assumption of

Sfar would always beat around the presidency from Habib the bush first." Bourguiba capped a swift rise through two of the top government positions in slightly more By April 1986, he was the interior minister, and by last

month, after his central role in the crackdown of Islamic fundamentalists accused of plotting to overthrow the government, he was prime minister. Enforcing law and order have been keys to his success both in and out of uniform since 1958, when he was appointed to his

military security. From the late 1970s to now. he played an increasingly im-portant role in coordinating military and police actions in clashes between the govern- Poland

### New York Times Service ment and unions over unem-Zine al-Abidine Ben Ali, the ployment, riots over increases 51-year-old general who on Satin bread prices, worsening relations with neighboring Libva urday became Tunisia's second and growing Islamic fundamenpresident since it won independence from France in 1956. məiler

For Tunisian Leader,

A Rapid Rise to Top

than a year.

started out to become an elec-When Mr. Ben Ali was named to succeed Rachid Sfar tronics engineer. as prime minister by Mr. Bour-Although his interest in elec-

> Mr. Ben Ali, who became a full general in 1979, is described by Tunisian officials as an athletic, clean-shaven man who believes in discipline and hard work and who speaks English,

French and Arabic. He was born on Sept. 3, 1936. near Sousse, in central Tunisia in the same region as Mr. Bourguiba's birthplace, Monastir. Mr. Bourguiba, according to a Tunisian official in Washington, will go to Monastir to retire in his palace surrounded by first security post as director of

his privileges and honors."

Mr. Ben Ali served three years in the mid-1970s as the military attache in the Tunisian Embassy in Rabat, Morocco. In 1980, he became ambassador to

### COURT: Ginsburg Withdraws and Search Is Under Way for New Nominee

(Continued from Page 1) and lobbying groups, still smarting Many people argued that Judge over the Senate defeat last month Ginsburg's marijuana smoking was of Mr. Reagan's first choice, Judge a "youthful error," in Mr. Reagan's Robert H. Bork, are now recling

Joseph R. Biden Jr., Democrat of withdraw merely on the basis of the marituana issue

But Peter Hart, a Democratic polister, observed that Judge Ginsburg had admitted smoking mariinana not as a student, but as a

Moreover, Mr. Hart noted, the incident became a scandal in large measure because the anti-crime. anti-drug Reagan administration had chosen Judge Ginsburg to be a law-and-order Supreme Court jus-

Judge Ginsburg's nomination "was not on real steady legs before this thing," as Robert Teeter, a Republican pollster, said. Questions

Powell Jr. from the disclosures that led to

Judge Ginsburg's withdrawal. The search is also complicated by factional disputes within the Reagan administration. Judge Ginsburg was reportedly the choice urged on the president by Attorney eneral Edwin Meese 3d and the deological faction in the White

Administration officials say that among the front-runners to replace Judge Ginsburg is Anthony M. Kennedy, who was backed the last time by the White House chief of staff, Howard H. Baker Jr., and other pragmatists whom hard-line attention has been focused on our conservatives blamed for not working hard enough to prevent the defeat of Judge Bork.

Judge Kennedy, who sits on the Court of Appeals for the 9th Circuit in California, and Judge Wil- out in the clamor." liam W. Wilkins, of Greenville, South Carolina, who sits on the U.S. Court of Appeals for the 4th saying that he accepted the judge's Circuit, are said to be among the leading candidates.

Judge Ginsburg announced his decision only nine days after he was chosen to fill the seat vacated by the retirement of Justice Lewis

The disclosures about Judge Ginsburg embarrassed Mr. Reagan, who had called his confirmation "vitally important to the fight against crime. In a brief statement that he read

Saturday at the White House, Mr. Ginsburg said, "I have today asked President Reagan not to forward my nomination to the Supreme

He added: "I was looking forward to sharing with the American people my views about justice and about the role of the courts in our society. Unfortunately, all of the personal lives, and much of that on events of many years ago. "My views on the law and on

what kind of Supreme Court justice I would make have been drowned In public, Mr. Reagan supported his nominee and issued a statement

decision "with regret." Behind the scenes, administra-

tion officials had concluded that disclosed that in his years as a Justhe nomination was doorned, and tice Department official Judge the judge was privately urged to Ginsburg had handled a major case

latest in a series of setbacks for the Canadian-based cable company. president, increasing the impression in the capital that Mr. Reagan record budget deficits to simmering under attack.

Withdrawals of controversial nominations and Senate rejection of court candidates are not rare. Of the 143 candidates nominated to the Supreme Court since its inception in 1789, 28 have failed to win confirmation. Twelve were rejected outright by Senate vote and the rest ists that Judge Ginsburg might not of the nominations were withdrawn by the president or died from Senate inaction.

Judge Ginsburg, 41, praised the president and Mrs. Reagan for their work on drug abuse, and expressed the hope that young Amer-"including my own daugh-would learn from his ters. mistake.

Aside from the drug issue, it was tary said.

concerning the cable television in-Mr. Ginsburg's withdrawal is the dustry while owning bonds in a

Then, a series of personal disclosures painted a picture of a life is no longer able to control events style that contrasted with his image and summon public support. From as a conservative. As a college student he had dropped out of school tensions in the Gulf, the president's to help organize one of the nation's positions on a range of issues are first computerized dating services. He was married twice, and it was revealed that his current wife, Dr.

Hallee Morgan, had performed two abortions while serving her medical residency and had assisted on a The disclosures spurred worries among some lawmakers and activ-

3 Rockets Hit Northern Israel

L'ruted Press International HAIFA, Israel — Three rockets fired from Lebanon landed inside northern Israel on Sunday, causing no damage or casualties, the mili

### [APAN: Economic Advice for U.S.

Japanese exports and so threaten the Japanese economy, experts say. those concerns. "My principle has pan and the United States have open my ear to others, and that I do joint responsibility," Mr. Takeshita not want to change," he said. "But said, referring to a range of eco- now I am in a position where I must

things just on the Japanese side." to postwar lows in Tokyo and last month and approved Friday by around the world last week. The Tokyo stock market followed, de- anese political system, in which the clining sharply for the third conservative Liberal Democratic

James A. Baker 3d, said Washington would rather ward off a U.S. recession than protect the dollar.

between the two nations on opening Japan's construction market to companies broke down in Washington. The U.S. commerce secretary, C. William Verity, scheduled a trip to Tokyo for later this month amid calls in Congress for reprisals against Japanese construction concerns.

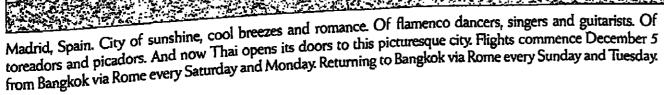
The new prime minister, answe and rising yen increase the price of ing questions for 80 minutes on Saturday afternoon, tried to allay These are problems where Ja- always been to seek a consensus, to nomic disagreements between the also make a decision and then two allies. "We cannot solve these faithfully execute it."

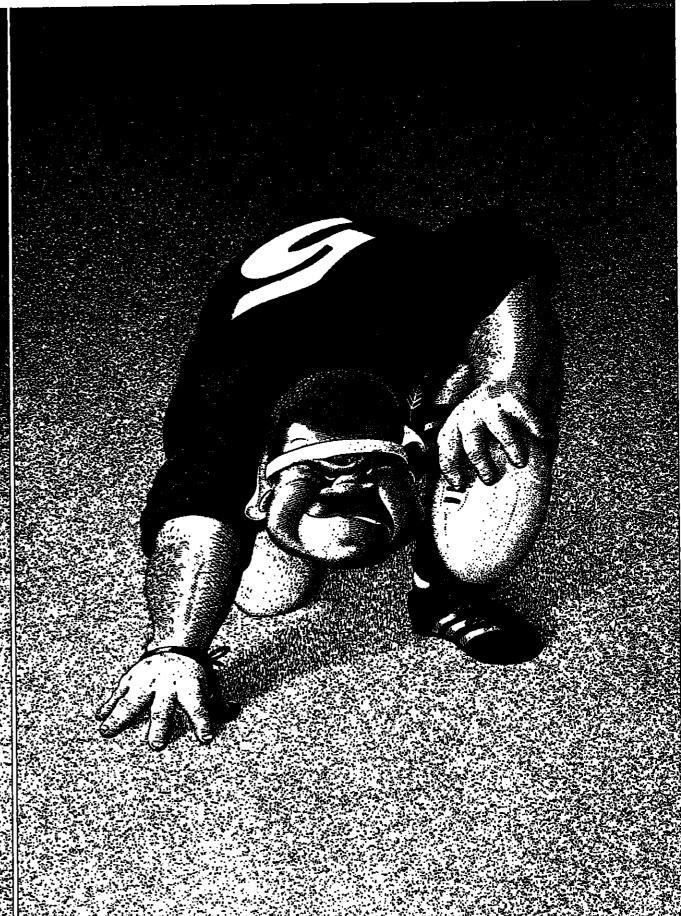
Mr. Takeshita was picked by Mr. The value of the dollar tumbled Nakasone as his favored successor the Diet, or parliament. In the Jap-Party has ruled without interruption for more than three decades,

The dollar's plunge accelerated when the U.S. treasury secretary, no popular vote was needed to bless the change of power. Mr. Takeshita said he would

promptly introduce a budget for next year that would stimulate do-In another development, talks mestic demand, as Tokyo has promised U.S. officials. Washington hopes a more active domestic Japanese economy will help reduce the trade imbalance. But Mr. Takeshita also said he would not stimulate demand so much as to risk stimulating infla-







Auckland, New Zealand. The perfect starting-off point for a holiday to remember. Skiing, boating, fishing, touring in the land of the famous All Blacks Rugby team. New Zealand has it all. Now Thai touches down there December 6, direct from Bangkok (leaves Saturdays), returns every Sunday.

**More Terror** 

Fails to Act

By Joseph B. Treaster

Last week, Haitians witnessed the

unfolding of a campaign of terror apparently intended to disrupt

of the Duvalier family dictatorship.

Every night since the national election headquarters was gutted

by flames last Monday night, there

attacks against election partici-pants. Before dawn Saturday, the violence spread outside the capital

for the first time, with three inci-

dents in towns along the central

Although the dictatorship

founded by François Duvalier in

1957 meant misery for most people,

thousands of Haitians, rich and

poor alike, received such benefits

ve been arson and machine-gun

lections and preserve the old order

New York Tomes Service PORT-AU-PRINCE, Haiti

# Pretoria Sees Rebel's Release as Test Case

JOHANNESBURG — A South African government official said Sunday that the release of Govan ers. Mbeki, a former president of the outlawed African National Congress, will serve as a test case that could influence official attitudes toward Nelson Mandela and other imprisoned black leaders, a news-

paper reported. Mr. Mbeki, 77, was freed from prison Thursday after serving 23 years of a life sentence for treason. His release has fueled speculation that the government may soon free Mr. Mandela, considered by many black South Africans to be the country's preeminent black

"The future of Mandela and others is to some extent in Mr. Mbeki's hands." The Sunday Star of Johan-nesburg quoted Stoffel van der Merwe, deputy minister of constitutional planning, as saying. There are some people in jail who have served a long time. The need

for retribution has been fulfilled." However, he said the prospect for the release of additional black leaders would be damaged "if Mr. Mbeki becomes involved in political unrest, trouble or incitement, or

Prior to Mr. van der Merwe's comments the government had

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lease Mr. Mbeki or possible plans nesburg: to free more imprisoned black lead-

said he still considered himself a member of the ANC and the South African Communist Party, which is also outlawed.

to oppose the government's apartheid policies of racial segregation but that he would not hold an office with a political organization. Mr. Mbeki flcw Sunday from Jo-

hannesburg to the southern city of Port Elizabeth, where he is expect-ed to live, friends said. He worked there as a journalist and an ANC jail. official before the organization was banned in 1960. Mr. van der Merwe said Mr.

Mbeki's release is an attempt to break the political deadlock in South Africa. He noted that many black leaders have said they will not negotiate with the government until Mr. Mandela and others are

Mr. van der Merwe also said the government did not want imprisoned ANC leaders to achieve "martyrdom" by dying in jail. "It would give no satisfaction to

■ Talks With Mandela John D. Battersby of The New

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omour Escort Service. Tel: 259 90 02.

Nelson R. Mandela, 69, leader of the ANC, would "bend all his efforts" toward a peaceful solution in South Africa if he were freed, Mr.

Mr. Mbeki was allowed to speak to Mr. Mandela for an hour Thurs-He said that he would continue day after he was flown from the maximum security Robben Island Prison to Pollsmore Prison near Cape Town where Mr. Mandela has been held for the last five years. Mr. Mbeki avoided answering directly a question about whether

the government has been talking

directly with Congress leaders in

Mbeki said Saturday.

Mr. Mbeki said the Congress, outlawed for 27 years, could inter-vene directly in South Africa by trying to assist peace efforts in Na-

More than 150 people have been killed this year in civil strife be-tween anti-apartheid activists and tribal followers of Chief Mangosuthu Buthelezi, the Zulu leader.

He said the violence in Natal was one of the most important issues he and Mr. Mandela had discussed their meeting, and said the jailed leader wanted both sides to bury the hatchet.

Mr. Mbeki dismissed as "escapist" the government's current ef-

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forts for a transition to fuller participation by blacks in South African life, which stops short of having the right to vote.

aving the right to vote.

He said such measures were "ir- As Namphy relevant to the basic issue of politi-

■ Five Slayings Reported

Despite attempts to launch peace talks between warring politi-cal factions in Natal Province, internecine violence in black townships continued to escalate Sunday as police reported five more killings. The Washington Post report-

ed from Johannesburg.
The killings included that of a 15-year-old black youth whose throat was cut by a gang of rival

Three of the killings were in townships around the provincial capital of Pietermaritzburg, where the factional fighting has been worst. The death toll in the Pietermaritzburg area in the last two months is nearly 100.

The deaths followed three killings reported Thursday in Pietermaritzburg's black township of Ashdown.

They included one in which gang of youths stoned a private home, and then broke in and stabbed to death the owner, a 30vear-old black man.

as jobs, freedom to collect graft, and business monopolies. Until last Monday night, when a dozen men who had worked closely with Mr. Duvalier and his son Jean-Claude were disqualified as candidates in the Nov. 29 presiden-ESCORTS & GUIDES tial election, many from the old order thought there was still a MILAN V.I.P. INTERNATIONAL Es cort Service. Tel: (392) 461125.

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chance to preserve their privileges. TOKYO ESCORT / GUIDE SERVICE. Tel: 351 22 78. With even this long shot shattered, the terror campaign started. ZURICH MARSHA'S ESCORT Service Tel: 01 / 242 36 52. Although widespread support both here and abroad makes the election AMSTERDAM JEANET ESCORT Service. Tel: (020) 326420 or 340110. seem inevitable at some point, MUNICH . REMEMBER . ESCORT and Guide Service. Tel: 089/912314 many Haitians and Western diplomats say the Duvalier allies seem determined to try to block them.

Lieutenant General Henri Namphy, who rose to head a provisional government with the col-lapse of the dictatorship 22 months ago and pledged to guide the country to elections, has stunned the nation and much of the world by all but ignoring the pre-election violence as well as desperate pleas for protection from election officials and candidates.

On Friday, in his first public appearance in weeks, the reclusive and often incommunicative general bestowed upon himself the formal title of commander-in-chief of the armed forces, but he barely menioned the spreading terror.

Haitians and diplomats trying to explain Mr. Namphy's failure to exercise the sort of responsibility normally expected of a chief of state say they believe that his behavior is evidence of a bitter feud that has been going on between him and the civilian Electoral Council since midsummer.

Mr. Namphy was rebuffed by street protests when he briefly



Lieutenant General Henri Namphy, head of Haiti's provisional government, at a ceremony Saturday at the National Palace in Port-au-Prince. Mr. Namphy has been in charge since the fall of the Duvalier dictatorship last year.

seized control of the election process. The protesters and the ninemember Electoral Council insisted that the army, which has historically manipulated elections, leave the election to civilians.

When the Electoral Council asked for administrative support, the Namphy government replied that such assistance would contravene its neutrality. In response to an early request for protection, the government said it would make arrests if election officials could name the culprits, which to this day no one has been able to do.

Mr. Namphy, true to form since his earliest days in office, has given no explanation for his lack of action. Some Haitians say it seems that he does not want the election

to take place. Others, however, have begun saying lately that they think he is trying to punish the election offi-cials and candidates whom he has always regarded contemptuously and has consistently refused to

meet.
"I think the army wanted to

prove to the Electoral Council and the political leaders that we could not have the election without their help," said Grégoire Engène, a leading candidate who has tended to count the army as among his

That is the reason they have let the situation go from bad to worse," Mr. Gregoire, the Social Christian Party candidate, said. "I think they will probably do something in the next few days."

During the summer, when many protesters were refusing to participate in the election unless Mr. Namphy resigned, the United States argued that his removal would almost certainly delay elec-On Thursday, after Mr. Namphy

took the initial step of posting five soldiers at the temporary offices of the Electoral Council, a U.S. official was asked if this was in response to United States pressure. "Certainly we've been talking to

them," the official said. "but they move at their own good time, and Mozambique. Is Offered More Aid to Fight Rebels

By Paul Lewis New York Times Service UNITED NATIONS, New York - Britain and other Commonwealth nations are offering to Mozambique to protect rail roads, ports and other development projects against attack by South African-backed guerrillas

The decision was made last month at a meeting of Commonwealth nations in Vancouver, British Columbia, according to officials involved in the matter.

NE of the frame of Wall Street the managers there can the managers there can the managers there can the managers with the market care that are more street with the market care the managers with the market care the managers are managers with the market care the managers are managers of the market care the managers of the market care the managers of The Commonwealth secretary general, Sir Shridath Ramphal, ex-si plained the offer to diplomats here. a week ago, describing it as a unique effort by aid donors to safeguard development projects they are financing in a country where: the government has lost control over large areas. Mozambique, a former Portu-?

ese colony, faces a campaign by the South African-backed guernilla or group called the Mozambican National Resistance Movement, or

At the Vancouver meeting, Presi-dent Kenneth Kaunda of Zambia said that without measures to protect investment, giving aid to Mo-zambique is like "fattening sheep for slaughter" because the money goes to build new targets for the guerrillas to destroy, according to Commonwealth officials. Although Mozambique has not

formally accepted the offer, its foreign minister, Pascoal Mocumbi, had been invited to Vancouver for consultations with Commonwealth leaders and helped draft the final communiqué, diplomats said.

In the communiqué, Commonwealth leaders agreed to set up "an enhanced program of coordinatedassistance" to help Mozambique improve its railroads and ports and insure their "physical protection."

They promised to give top priority to reopening the railroad linking. the southern port of Maputo to Zimbabwe. The railroad has been closed for three years by fighting in the region.

The Reagan administration has resisted strong pressure from conservative Republicans in Congress to abandon its support for the Mozambican government in favor of the guerrillas. The United States provided \$10

million in economic aid and \$75. million in food aid this year. It hasnot decided how much food aid to provide next year, officials said.

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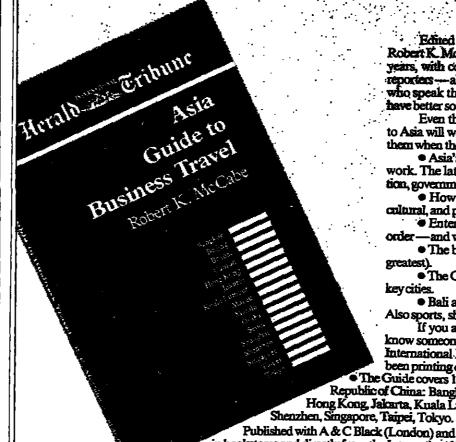
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Monthly Report for the

Smaller Stocks:

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Asceptics say a big wave of redeming they. Given the dealing suspensional bases, fund investors has been to sit tiple. thick but to sit tight, they say. Investors make they have no stomach for such with the inclined to sell if prices re

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# More Aid to 7 Fight Rebels A. NFST Vork — Britain and other (as monwealth nations are often assured assured to provide the monwealth nations are often assured to provide assured to

Mozambique

By Paul Lowis

maintary and economic assistance of Mozambique to protect to mode, ports and other developed projects against attack by the African-backed guernilar.

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### The decision was made a month at a meeting of Come wealth nations in Vancourer, but Columbia, according to the matter. **Smaller Stocks: How They Fared**

The Commonwealth sensor general, Sir Shridath Ramphal plained the offer to diplomark plained the offer to diplomate the trembling lips of Wall Street portfolio managers these days is the "flight to quality." Still traumatized by October's are financing in a country that government has lost one brawny balance sheets and solid dividends.

In such periods of uncertainty the share prices of

Mozambique, a former be guesse colony, faces a campan the South African-backed gun will be Mozambacked In such periods of uncertainty, the share prices of smaller U.S. companies suffer disproportionate damage. Smaller-company stocks typically carry higher price-earnings ratios, and, in times of economic anxigroup called the Mozamben & tional Resistance Movement At the Vancouver meeting he dent Kenneth Kaunda of Ze

price-earnings ratios, and, in times of economic anxiety, investors are quick to mark down their prices. October proved no exception.

A gange of the difference can be found in the performance of Standard & Poor's 500 index, which includes a good measure of the biggest U.S. blue chips, and the Nasdaq OTC composite index, which reflects the performance of smaller companies. In October, the OTC composite index dived about 28 percent, while the S&P 500 fell 23 percent.

But the relationship was reversed in the major non-U.S. markets. In Japan, Britain and West Germany, smaller stocks on average seemed to weather last month's downturn better than the local blue chips. Stocks on Tokyo's first section, where blue chips tect investment giving aid to zambique is like "fattening to for slaughter" because the actions to build new larges let actions to destroy arms.

Stocks on Tokyo's first section, where blue chips dominate, slid an average 12.6 percent in the month, while the second section, where smaller companies dominate, fell only 10.2 percent.

eign minister. Pascoal Mong consultations with Commons leaders and helped draft the In Britain, Hoare Govett's index of smaller compa In Britain, Hoare Govett's index of smaller company stocks was off about 23 percent, while the FT All Shares index fell over 26 percent. And in West Germany, an index of 100 smaller company issues calculated by Schröder Münchmeyer Hengst & Co. was down 19.4 percent while the Frankfurter Allgemeine Zeitung index fell 26.3 percent.

Given the thinness of trading in small-company stocks in these markets even in the best of times, the validity of indexes in an unsettled market is open to mealth leaders agreed to stal enhanced program of conde assistance" to help Morate improve its railroads and pone

validity of indexes in an unsettled market is open to question. Hoare Govett figures that a stock in its index trades on average once every three days, compared with over three times a day for FT All Share

Indeed, trading in small stocks in all the major markets dried up during the worst of the October frenzy. "Liquidity just disappeared," reports Roger Kersley, manager of Aetna's U.K. smaller companies fund. There were also "huge anomalies" in share prices, he says, with some stocks in his portfolio up 20 percent and others down by as much.

Still, fund managers who specialize in non-U.S. markets say there are structural reasons why smallercompany stocks tended to show more resilience than blue chips. One factor is that non-U.S. markets tend to be more swayed by foreign buying than is Wall

In Tokyo, "the vast majority of selling has been by foreigners," notes Sarah Whitley, investment manag-er of Baillie Gifford Shin Nippon Trust, a Londonlisted, closed-end fund that specializes in Japanese small stocks. "And foreigners concentrate on larger

were outperforming the larger stocks in the period just preceding the crash. The earnings growth of the braziler companies has been better than the rest of the market," explains Ms. Whitley.

Currency lears also play a role. Many of the blue chips in Britain, Japan and continental Europe are big exporters likely to be squeezed by a weak dollar, fund managers note. Mr. Kersey noted that companies perseived as relating most of the companies and the continues of t nies perceived as relying more on domestic sales "survived a bit better." The same phenomena was cited by Ms. Whitley among Japanese stocks.

Differences in corporate culture can play a role as well. Some fund managers note that many U.S. small companies pay no dividend, while small companies in Europe and Japan usually pay out at least some modest amount. These dividend yields tend to cushing their areas. ion their stock prices.

> S the premier center for international fund management, London represented ground zero for the Oc-

tober stockmarket bomb. Fund managers will not soon forget the devastation and handwinging of last month, nor will the investors in their funds.

Many investors in unit trusts and offshore

funds found that dealings in their funds was suspended. Others found that they could sell,

but the fund could not specify at what price

the transaction would occur. In an ironic turn, funds were forced to adopt a pricing system they criticized when it was proposed by regu-

lators in recent months.

Even several days after the Oct. 19 plunge, brokers acting on behalf of private investors had difficulty doing business with unit trust

"It's been very, very awkward indeed to try

and deal with the management companies."

acknowledged Neil Stapley, managing director of NatWest Stockbrokers, a division of

National Westminster Bank. Telephones went

manswered or were almost constantly en-

gaged, according to some intermediaries.

Overall, London's biggest fund management companies reported surprisingly light levels of redemptions. Bill Stuttaford, chairman of the Unit Trace Association.

man of the Unit Trust Association, noting

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FUNDS =

William McBride



On Oct. 20, London equity traders stayed glued to the screens.

Worldwide Based on performance of about 2,000 issues in 19 markets in October -35.0%

**Worst Hit Sectors** 

Source: Morgan Stanley Capital International

# Global Themes After the Crash

By Marybeth Nibley

London EITH Brown recalls a number of inquiries his firm received earlier this autumn from clients in the Middle East. They all shared the same concern. Why were their portfolios so heavily weighted in bonds even though stock markets worldwide continued to look bouyant?

Nowadays, Mr. Brown, the chair-man of Worldinvest Ltd., can look back at those times with a certain amount of self-satisfaction. The brutal treatment equities have received since the latter half of October has made everyone in charge of an asset allocation fund who was favoring fixed-income investments appear prescient.

- Indeed, the balanced accounts managed by Mr. Brown's firm emerged from October's carnage relatively unscathed. A global mutual fund, for instance, lost 2 percent of its value in October. By contrast, the average return of 18 global markets tracked by Morgan Stanley Capital International declined by more than 17 percent in

"To come through the crisis of October with a 2 percent fall, we're quite proud of it," says Mr. Brown, whose firm is still legally known as BA lavestment Management International Ltd. There is a tentative agreement to pur-chase the firm from its parent, Bank of Americas, in a management buyout this month.

This is not to say that all of firm's portfolios escaped the bloodbath. Mr. Brown acknowledges that funds invested solely in stock did poorly, a disappointing performance that was compounded by the fact that Worldin-

Bonds helped Worldinvest avert damage

vest previously decided to stay away from the Japanese market, which with-stood the crash better than most mar-

Of the \$2 billion under management, more than half comes from the United States, 12 percent from the Middle East and the remainder from Europe and Canada. Mr. Brown takes pride in a decidedly blue-chip clientele. which includes institutional investors, largely pension funds, insurance companies, endowments, multinational organizations, mutual funds and founda-

In terms of strategy, the firm is clearly a sector player, placing emphasis on groups of stocks regardless of geographical boundaries. This philosophy that "owning the right sector can be as important as owning the right market" has meant portfolios often have market exposures which differ

greatly from the weightings assigned by widely used global indexes. For example, as of September, the global equity portfolio allocated 20 percent of its assets to the United States and nothing to Japan, while the Morgan Stanley Capital International Index gives the two countries weight-ings of 37 percent and 34 percent, respectively. Conversely, the same portfolio devoted 21 percent to Spain, a market with a tiny global weighting of one percent.

The emphasis on sectors rather than

world markets, Mr. Brown says. Instead, he says Worldinvest's strategy begins with an analysis of where world economies are going, incorpo-rating fiscal and monetary policy decisions that may occur. Then the firm's analysts try to measure the current value of financial assets against their potential and develop likely scenarios.
"We have a much higher degree of

markets is not to suggest that the firm

confidence in the sense of setting rea-sonable ranges within which the final outcome is going to fall, "Mr. Brown says. "So, therefore, if we can look for a combination of assets that will perform well under both the scenarios that we consider the most likely, then we (eel a certain amount of confidence we

Continued on page 11



Keith Brown

# Wall Street Strategies: **Safety First**

By John Meehan

UGH Johnson's job is to invest in stocks. It is a task, however, he has not relished since Oct. 19-turned his world upside down. In an environment characterized by its unpredictability, defensive themes and the unsettling notion that a recession looms around the corner, First Albany's chief investment strategist is the first to acknowledge that he has yet to find opportunity amid the to acknowledge that he has yet to find opportunity amid the

"There was a shock to the financial system and people are still nervous that something worse will take place," he says. "I'm just playing it safe."

He is not alone. Three weeks after the market collapse left investors numbed and considerably poorer, Wall Street is still marking time in hopes that some clear-cut strategy will emerge. Falling interest rates and hopes that budget cutters in Washington will reach a compromise may have reduced the level of anxiety in the marketplace in the near term. Apprehension about the long term remains.

"One of the problems is that the market can't find a handle." says Monte Gordon, investment strategist for Dreyfus Corp. The volatility will continue for some time."

Most investment strategists have been telling their clients to stay put, displaying little inclination to reduce the sizable cash positions in their model portfolios.

Even the tentative gains that the market has made since the Dow Jones Industrials Average slid 508 points to 1,738.74 on Oct. 19 have offered little reassurance that the bad times are over, they contend. The talk among market forecasters these days has less to do

with new highs for the Dow than trying to gauge a trading range for the rest of the year. Many believe the index will fluctuate between 1,800 and 2,200, a far cry from the record 2,722.42 reached on August 25.

"I think the bulk — if not all — of the price decline is behind

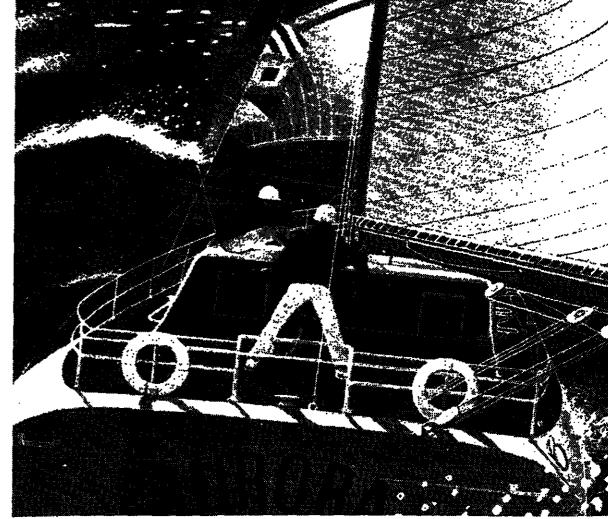
us." says Steven Einhorn, chief investment strategist for Gold-man, Sachs & Co. "But I think we have to give the market time to stabilize and repair the damage. You have to be defensive." To Mr. Einhorn, this means a model portfolio that is only 40 percent invested in stocks, with the rest divided evenly between bonds and cash. Merrill Lynch's investment chief, Charles I. Clough, recommends a similar exposure to equities, but favors an equal commitment to bonds, with the remainder in cash.

The portfolio recommended by First Albany's Mr. Johnson is even more conservative. Fifty percent in bonds with the rest

There is a surprising chorus of unanimity among analysts when selecting stocks in the current environment. The so-called

Continued on page 10

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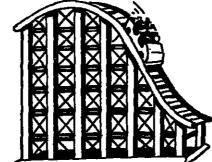
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that widespread selling has not taken place to date, said: The majority of unitholders seem to have accepted that unit trusts should be a long-term investment. and are therefore sitting tight for the present." But skeptics say a big wave of redemptions is still likely. Given the dealing suspensions and pricing havoc, fund investors had little

choice but to sit tight, they say. Investors who decide they have no stomach for such volatility will be inclined to sell if prices rebound "The natural instinct of people is to hate selling at a loss so they hang on," one broker commented. He said some of his customers who were not willing to sell in the uncertain pricing situation would likely bail out if the markets recover. A few unit must managers said they believe brokers are holding sell or-



London: A Month Funds Won't Forget

Many unit trusts took unsettling dives. The average U.K. growth trust was down about 26.6 percent during October, according to Opal Statistics Ltd. Unit trusts that target Hong Kong shares incurred setbacks of as much as 40 percent.

The bright spots were funds that focus on gilts, British government bonds. The best-performer during the month was Kleinwort Barrington Gilt Yield Fund, up about 11.6

Despite the damage to many, the week of the Black Monday saw fairly light redemptions - in many cases lighter than usual "There's been no wave of redemptions at

all," reports Christopher Tracey, investment director of Save and Prosper Group. Save and Prosper had about 200 redemptions a day during the week after the crash, or 100 fewer daily redemptions than normal, according to Colin Rye, administration director.

At the Framlington Group, Managing Director Tim Miller called redemptions "surprisingly small." Redemptions by customers exceeded new sales by £1 million from Oct. 1 to 28, he said. Much of this net outflow reflected money being pulled out of funds invested in North America.

The M&G Group even had a net inflow.

albeit smaller than it normally has. In the week ended Oct. 23, the net inflow totaled £2 million, down from a regular weekly inflow of about £4 million. "We found that people were keen to buy the gold fund and keen to sell American funds," says Roger Jennings, M&G's marketing director.

Many management firms called off business-as-usual on the Tuesday following the big price plunge and had dealing delays at least the rest of that week. Rapidly collapsing share prices placed the fund managers in a

The Department of Trade and Industry requires units to be valued based on the price of the securities in the trust. And, according to some trust deeds, units must be revalued when equity prices move by 2 percent to 3 percent.

Yet share prices were fluctuating by far larger percentages over periods of just a few hours. Moreover, few management firms are equipped to calculate a unit value more frequently than once a day. This made it virtually impossible for funds to accurately price their

If firms had continued to redeem units, it was clear that the redemption price would often be far higher than the value of the underlying securities in the fund when the time came to settle accounts. That would be unfair to the remaining holders. Several unit trust groups felt they had little choice but to suspend dealings.

OME groups, such as Touche Remnant Unit Trust Management Ltd., managed to deal each day after the crash by abbreviating hours. Martin Hoare, a director of the group, said some days Touche Remnant did not start. dealing until 5 P.M. and carried on until 8 P.M. Adding to confusion was the weeklong closing of the Hong Kong Stock Exchange. It was impossible to price the units of any fund with holdings in Hong Kong.

Callers who did get through found, in many cases, that their orders only would be accepted on a blind basis, meaning that the prices would be fixed later. Rather than deal at unknown prices, some customers took no ac-

The fund's resort to "blind pricing" — also known as forward pricing — has caused some

Continued on page 11

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By David Lanchner Limiting Losses HE Standard & Poor's 500 index fell 17.8 per-

cent and the majority of equity mutual funds tumbled more than 20 percent. Yet despite the distinctly hostile stock market in the last two weeks of October, at least one group of funds proved surprisingly resil-

Asset allocation funds attempt to reduce volatility by investing in a variety of holdings from pre-cious metals to equities, and diversification best explains why they fared better than other mumal funds. Asset allocators posted an average return of 5.3 percent from the start of the year through Oct 29, according to Lipper Anaiytical Services. This compared with a negative 4.62 percent return of the standard equity fund and the S&P's anemic 1.07 percent

This seeming ability to sidestep the storm that swept through the market last month has not been lost on the public. At a time when many mutual funds are experiencing heavy redemptions, the asset allocators are registering minimal redemptions and in some cases are even attracting new customers.

Still, many industry observers say they are not convinced that asset allocation funds offer the best investment strategy, especially if the market's fortunes change. While agreeing that the lower volatility of these funds is appealing, they remain concerned about what they consider critical defects in

strategy.

For some funds, these include an unusually heavy reliance on historical price movements to forecast returns and divide assets accordingly. And in the case of the most flexible funds, there is a tendency to concentrate big investments in certain areas.

There are a half-dozen funds that are considered to be pure asset allocators by the investment Company Institute, the leading trade organization for the U.S. The intelgration of selected asset allocation thirds compared to general equity hands and the Standard & Poor's 500 index.

PaineWebber Asset Allocation +1.3 +15.9 Right Time Permanent Portfolio +10.2 +14.5 -11.6 Blanchard Strategic USAA Cornerstone +11.5 esyanyaya, kewal Salaharan General equity funds Standard & Poor's 500

Some constantly shift the perknowledge that losses would have centage of holdings among a wide been closer to the S&P and genera range of investment groups, while equity fund averages if they had others maintain fixed percentages. Still others limit themselves to a not begun pulling out of stocks before the market collapse. Andre Sharon, chief portfolio manager for Blanchard, says his fund had narrower range of investments . typically, stocks and bonds. as much as 73 percent of its assets

The two diversified funds with the greatest flexibility, Blanchard Strategic Growth in New York and Bailard, Biehl, Kaiser Diversa in San Mateo, California, showed higher-than-average losses for as-set allocators during the October

Blanchard fell 11.06 percent during the worst week of the crash and BBK Diversa (ell 8.82 percent. In the same period, the average asset allocator dropped only 6.2 percent. The S&P and the average general equity fund both fell about 16.5 percent.

"The degree to which the flexi-ble funds dropped is not surpris-ing." says Gerald Perritt, the editor of The Mumal Fund Letter in Chicago. "When they shift assets, they tend to make big bets, which can translate into significant losses when the market turns

The funds divide their assets into four basic groups: foreign and domestic stocks, gold and bonds.

Management at both funds ac-

Going into the downturn, BBK had a slightly lower 41 percent of its assets in stocks and only about 6 percent in gold, reallocating some holdings to bonds. Both funds have since increased

bond and cash holdings with BBK putting 59 percent in this area: Blanchard boosted its exposure to 48 percent. For the moment, nei-ther fund is making big plays. "I just don't know where the markets are going," Mr. Sharon says.

Although Blanchard and BBK

consider themselves value investors, a number of experts believe their allocation strategy is more akin to speculative market timing.
"Only those willing to stomach the risks of an aggressive general equity fund should consider put-ting money in it," says Royal Le-Mier, editor and publisher of the Mutual Fund Specialist in Eauclair, Wisconsin.

Janet Brown, editor of the San Francisco-based No Load Fund X, says the more flexible funds should be evaluated on the basis of management skills, not their

Funds that pursue a fixed asset allocation have done no better over the long term. USAA Corner-stone limited its losses in the week following the market's slide. It showed a negative return of 12.42 percent in the seven trading days that ended Oct. 23, according to

Cornerstone's portfolio is almost evenly split between gold, domestic and foreign equities, bonds and real estate. While it tends to be value oriented in its

domestic stock portfolio, its international portfolio, like those of the other asset allocators, is heavily weighted toward more speculative markets like Japan.

Quarterly allocations in each investment area may vary within a narrow range of 18 percent to 22 percent, though Harry Miller, the portfolio manager, acknowledges it's not unusual for us to be in a particular investment group as much as 25 percent or as little as

Still, some critics believe this approach remains too rigid. "I'm dissapointed with funds like Cornerstone that clearly have a responsibility in maintaining a de fensive position,," says Ms.

The Permanent Portfolio, managed from California, is by far the most rigid of the asset allocators. It invests in six areas: U.S. Government bonds (35 percent), gold bullion (20 percent), real estate and natural rescources (15 percent), Swiss francs (10 percent) and silver bullion (5 percent).
While the fund's managers

claim their portfolios are designed to do well in any environment runaway inflation or recession in their five years of existence they have never managed to match their own computer-predicted average annual return of 15 percent. In fact, in 1984 the fund generated a negative return of 13 percent because of flat equity markets and

plummeting gold prices. Part of the fund's problem, says Sheldon Jacobs, the New York based editor of the No Load Fund

Andre Sharon

Investor, is that the compute model used by Permanent Porti ho to divide its assets is based on market movements in the 1970s

The Paine Webber Asset Allo. cation fund in New York and the Claremont Combined fund in California are perhaps the easiest for investors to understand became they limit their investments to stocks and bonds.

Yet, Michael Lipper, president of Lipper Analytical Services, says that such funds are the most volatile of the asset allocators. Indeed-Paine Webber portfolio was among the best performers in the week of the crash - up 6.07 percent - largely because 83 percent of the funds assets were in

Taking Refuge in Money Market Funds

By Carole Gould

concentrated in domestic and for-

eign stocks as recently as July.

During the crash, Blanchard re-

duced that stake to 48 percent,

boosting cash and precious metals

"Unfortunately," says Mr. Sharon, "those precious metals as-

sets were in the form of equity for

greater leverage. Their value raced ahead of bullion's and they got

bammered in the market col-

New York HE rout on Wall Street has produced at least one clear winner: money market funds. "Panic in the equity markets creates a flight to safety, and money funds

fit from the general market tur-moil," says Glen King Parker, publisher of Income and Safety, a Fort Lauderdale, Florida, newsletter covering fixed-income invest-

Three weeks ago, skittish investors moved \$9.64 billion into taxable money market mutual funds, most of that money coming from sales of shares of mutual funds that invest in stocks.

short-term money market securi-

ties offered by brokerage firms and mutual fund companies. investors can check the maturities of the various funds in the financial pages of U.S. newspapers. The average maturity is about 40 days. Mr. Parker recom-

extends beyond 100 days. The funds typically invest in a mix of Treasury securities, negotiable certificates of deposit, com-mercial paper and other highly liq-uid, short-term securities. The safest thing in the world to own is a Treasury bill," says John Markese, director of research for the American Association of Individ-

As a fund increases its other

a record one-week inflow, with

funds rose to \$256.84 billion, also a record, according to the Investment Company Institute, an industry group. Two weeks ago, the funds took in \$1.16 billion more. Many banks have also been experiencing a surge of deposits in which pay market rates of interest. Money funds — there are 410 taxable ones and 155 that are tax free - are diversified portfolios of

mends asking questions if the term

holdings the yield rises, but so does the risk. For example, two weeks ago, funds that invested solely in Treasury obligations yielded 5.77 percent, says Susan M. Cook, editor of Donoghue's Money Fund report, a newsletter that surveys the funds each week. Funds that also invested in government agency paper, like obliga-tions of the Federal National Mortgage Association, yielded

The riskier funds buy top-rated paper of banks and corporations; prodollar deposits; Yankee dolrs, deposits at domestic branches of foreign banks, and various lower-rated paper. The most aggressive funds yielded 6.75 percent, almost a full percentage point more than those buying just Treament ille. Yields may also reflect different

administrative costs. While money funds have no sales charges, investors are well advised to check the prospectus to see that the fund's expenses are in line. Expenses of one-half to three-quarters of 1 percent of fund assets are considered reasonable. Anything higher than that - there are a number of funds whose expense ratios approach I percent, Mr. Markese says - should be avoided.

the equity funds, size appears to be an advantage for money funds" in generating higher yields, Mr. Parker says. The Merrill Lynch Cash Management Account is the largest, at \$18 billion, he says. The next biggest are Merrill's Ready Assets Account, Fidelity Cash Reserves and Dreyfus Liquid Assets.

Then it becomes a question of

ments range from \$500 to \$50,000. with most funds requiring \$1,000. to \$2,500. Most funds do not allow investors to write checks below a certain amount, typically \$500: However, some permit checks for \$250 and a few, like the Capital Preservation Fund, have a \$100 Shaken investors who are now

services. Minimum initial invest-

unwilling to accept any risk, how-ever small, might prefer to keep funds in a bank money market deposit account. Authorized by Congress in 1982 to allow banks to compete directly with money market mutual funds, these accounts are insured for up to \$100,000 by the Federal Government. The bank money accounts gener-

ally yield about one-half percentage point less than the mone funds because the banks' cost of doing business usually exceeds that of the funds, said A. Michael Lipper, president of Lipper Anslytical Services, which tracks mamal funds. Sometimes the gal-widens even more: A week after the Oct. 19 market crash, the bank money accounts yielded 5.68 per-cent while the money fundi brought in 6.70 percent.

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# The Premium On Minted Memories

By Cynthia Catterson

N RECENT years, commemorative coin issues have become a convenient way for governments to raise revenue. Indeed, almost every major event in the world seems to be chronicled by the local mint. But the flood of new issues has not translated into the kind of investment opportunities that the purveyors of these coms would have the public believe.

"Now it's gotten to the point where every country, big and small, is finding excuses to mint them. The end result is that there are few that have any relewance in terms of investment," complains Paul Wood, senior cataloguer in charge of coins at Sotheby's auction house in London.

This is not to say that all commemorative coins at Sotheby and the say that all commemorative coins.

have no investment appeal. In general, coins struck before the 1950s continue to appreciate in value. For example, the set of British coins struck for the 1937 George VI coronation, which originally sold for £10 are now worth about £1,200.

Mr. Wood, however, says that most of the modern commemoratives auctioned at Sotheby's command little more than the going rate for the silver and gold

In large measure, the depressed prices reflect the frequency of new issues, as well as the sharp increase in number of coins minted for each occasion. "Thirty years ago, 10,000 coins in an issue was considered very big. Nowadays, that would be considered modest," says Alistair Gibb, a coin specialist who writes frequently about coin investing from his home in Fife, Scotland. Indeed, issues in the millions these days are not imusual

In addition, he says, the nature of the market is changing. Once dominated by numismatics who cast a critical eye on every new issue, the market is now much broader and populated by individuals who are more interested in coins as gifts and souvenirs.

The lack of consumer expertise, Mr. Gibb argues, has allowed sales agents to increase premiums. This, in turn, depresses their value on the secondary market. The newer issues are offering less rarity at a

higher premium, so the chances of appreciation are usually nil," he explains.

Unlike bullion coins, which are sold to investors who are looking for a hedge with precious metals, commemorative coins are generally limited edition pieces sold to collectors. The typical premium for a hedge with precious metals, commemorative coins are generally limited edition pieces sold to collectors. The typical premium for a bullion coin is between 5 percent and 7 percent above the metal content, for commemoratives the premium can be as high as 50 percent and 60 percent.

For these reasons, coin specialists caution individ-uals against buying modern commemoratives solely as investments. "Collecting commemoratives is much like collecting art. Very few people buy it just for investment purposes, they do it because they enjoy it," says John P. Norris, head of the precious metals department at Citibank in New York.

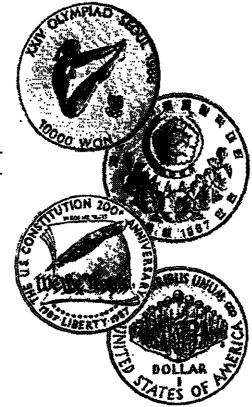
Adds Charles Uaeger, head of precious metals at Bank Leu in Switzerland, "If you buy a commemora-tive coin, you will have a nice coin and pay a high premium to have it. It is better to stay concentrates in bullion coins if you are investing in coins."

Still, for collectors with an eye toward investments, there are some guildelines to be aware of when

For one thing, details such as design and condition can affect the value of a coin on the resale market. An older coin that has been cleaned, for example, could He worth less than one that shows its age. However, a fmish, should never be removed from their scaled plastic cases because their resale value can fall if they

to smudged with fingerprints.

Though the value of a commemorative coin is



Commemoratives

Top. a one-ounce, 10,000-won silver coin commemorating the Seoul Olympics. Below is the one-dollar coin issued in connection with the U.S. constitution's 200th anniversary.

affected somewhat by the price of precious metals, demand in the collectibles market ultimately determines the pace of appreciation. Scarcity is the most important factor. Therefore, individuals must consider both the number of coins that were minted and

the base of collectors for a specific issue. "It's not so much the number minted as it is the number minted compared to the demand. A coin with 5,000 mintage could be fantastic in a niche market," notes Mr. Norris at Citibank.

A good illustration is the U.S. Statue of Liberty coin, which commemorated the statue's centennial last year. Although it was a large issue, 500,000 coins, the celebration surrounding the event had a large international participation. In the end, demand for the commended the surply A. The point the SS.

the coin exceeded the supply. At one point, the \$5 gold coin which originally sold for \$165, was commanding \$600. Today, the coins sell for about \$350. Forecasting demand, however, is risky. Speculators hoping that this year's U.S. Constitution coin, minted to honor the bicentennial of the U.S. Constitution, would generate similar returns as the Liberty coin, learned this the hard way.

HE EVENT did not capture the same worldwide attention as the Liberty gala. Furthermore, explains Alan Posnick, vice president at Manfra, Tordella and Brookes, a New York coin dealer, the U.S. Mint struck one million Constitution coins, twice as many as were minted for the Liberty series. As a result, the price of the \$5 uncirculated gold coin has more or less remained unchanged since it was issued at \$235 a few

Some coin experts suggest that demand peaks when a popular theme, such as an Olympics, overlaps with a country whose coins are popular among col-

This may be the force driving the high demand for the Seoul Olympic coins at the moment, says Mr. Posnick, the only firm in the U.S. to market the coins. Meanwhile, those wishing to sell their poorly perket if they wait until another, similar event occurs.

"There is always a brief surge in interest in previous Olympic coins while an Olympics is in progress," says Mr. Posmick.

# Gold's Tarnished Image as a Haven

This year, it has proved to be one of the better-performing investments

By Anise C. Wallace

HEN investors fear the return of high infla-tion or believe financial calamity is immi-nent, gold is the usual safe haven of choice. Yet, despite the gyrations of the stock market, many successful investors do not believe either of those nents is likely.

Many strategists are even recommending that investors stay away from gold. And those who already own bullion or gold shares, these advisers say, should sell before prices drop further. "I can't see owning gold unless you think the whole system is going to unwind," says Neil J. Weisman, general partner of Chilmark Capital, who moved his clients funds into Treasury bills a week before the market fell

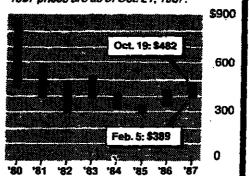
Most money managers are avoiding gold for three chief reasons. They do not view the recent panic on Wall Street as a warning that the financial system is on the brink of collapse, "Greenspan demonstrated that the Fed stands behind the system," says Richard Russell, editor of the Dow Theory Letters, referring to Alan Greenspan, the chairman of the Federal Reserve Board.

These advisers also do not see a return of the double-digit inflation. In fact, many financial experts believe that deflation is a more likely possibility. "I think the market crash portends mild deflation, definitely not inflation," Mr. Russell says. The third reason to avoid gold is that it will not rise further, they say, because there is a fairly stable

balance of supply and demand.
Until recently, the price of gold had been climbing from

Gold: A Barometer of **Financial Jitters** 

Yearly range in the spot prices of gold traded on the Comex, in dollars an ounce. 1987 prices are as of Oct. 21, 1987.



Source: Commodity Exchange Inc.

the recent low set in February 1985. As the dollar declined in value, the price of the metal surged. In fact, this year it was one of the better-performing investments. The price of bullion was up 17 percent, and gold-oriented mutual funds, which invest in the stocks of gold-mining companies, were

But gold moves on emotion, and that keeps many professionals from buying it. "I have a hard time betting on psychology," says Ionathan Berg, president of New York's Berg Capital Corp. And psychology has driven gold higher for much of this year. Indeed, throughout 1987 experts have suggested that the metal's price advance has been based on fear of the tensions in the Persian Gulf and the perception, rather than the reality, of higher inflation.

Professional investors dislike gold for a variety of rea-

sons. They think the psychology of gold investors is overly bullish. When sentiment is optimistic, that indicates gold followers remain fully invested and no one is left to buy.

Moreover, the stocks of mining companies, one of the

more favored vehicles for investing in gold, are extremely vulnerable, according to many analysis. Prices of mining companies increase faster than the price of gold because an increase in the metal raises profit margins at a faster rate.

At their peak, mines were selling at 70 times their earnings. Gold-oriented mutual funds were up more than 75 percent before the stock market began its fall in Septem-

ESPITE THE concerns of these advisers, some financial planners suggest that individuals maintain at least 5 to 10 percent of their savings maintain at least 5 to 10 percent of their savings in gold at all times. That way, they say, investors are protected no matter what happpens. Gold is "somewhat of an irrational investment," concedes Christiane S. Delessert, vice president of Seidman Financial Services in Boston. But she says it has a "definite" place in a portfolio. Investors who decide to own gold have several ways they

can invest: Bullion: Investors can buy gold coins and lock them in a safe deposit box. Or they can buy bullion from dealers. Coins, like the American Eagle, the Canadian Maple Leaf or China's Gold Panda, carry a premium over the gold bullion content but they do not have to be assayed and can

be stored more easily than builtion. Gold stocks: The stocks of mining companies are considerably more volatile than bullion. Certain ones, like those of South African mining companies, have political risks as

Gold-oriented mutual funds: Individuals who want to own mining stocks but do not know which ones to select will be most comfortable with a fund that owns a broad

range of gold stocks.

Gold futures: This is probably the most speculative way to invest in gold. Gold futures contracts require investors to buy or sell gold at a specific price on a specific date, no

matter what metal happens to be trading for that day.
Profits can be huge, and so can losses.

CD's tied to gold: The Wells Fargo Bank in San Fransisco introduced "gold market certificates" earlier this year. The interest rate of these certificates of deposit is tied to the price of gold. As with other certificates, the holder's principal is guaranteed up to \$100,000. But there is no guaranteed interest rate.

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# The Bullish Case for Another Surge in Platinum

By Alice Oshins

T IS MORE volatile, unpredictable and ever more expensive than any other precious metal. Yet, for analysts who have spent the last couple of weeks scanning the horizon for signs of a resurgence in metal markets, there are strong fundamental arguments for another rai-

ly in platinum.
"Platinum is potentially the most attractive, while being the most volatile," says Fredric Levin, general partner of Lazard Freres & Co. in New York. "We're bullish on platinum, but in the context of diversification."

Even though precious metals prices have slipped in recent weeks as lower interest rates have eased inflationary concerns, metals specialists contend that platinum's scarcity is bound to play a role in the metal's fortunes over the long

Only three million ounces are produced each year, as opposed to 60 million ounces of gold. And 80 percent of the world's total supply comes from three mines in South Africa, Rustenburg, Impala and Western. The Soviet Union and

Canada produce the rest. Demand continues to grow, however. Platinum is already widely used in electronics, and its industrial use is expanding. It is estimated that it is used in the production of one in five manu-

factured goods nowadays.

Already an integral component in catalytic converters for automobiles in the United States, some analysts see a shortage developing in 1988 when the European Community mandates converters.

investor demand is also growing. Purchases solely for investment now account for 16 percent of total demand compared to two percent five years ago. "The appetite for platinum has been tremendous," says Jacques Luben, director of the Platinum Guild

Over the past year, fear of infla-tion and a weaker dollar have been the locomotives behind the surge in platinum prices. In February 1985, the metal hit a low of \$236 an ounce and has been climbing for 21/2 years to its current range of \$580 to \$600 per ounce. The \$559 average price for platinum for the first three quarters of 1987 is up 36 percent over last year's average of

\$410 for the same period. The climb, of course, has not all been smooth saling and under-scores the metal's volatility. In September 1986, for instance, con-cern over heightened unrest in South Africa pushed the price of platinum to a high of \$682 per ounce. Yet, at mouth's end plati-num was at \$540 an ounce, a \$142

By December, platimum had dropped to \$460 an ounce before resuming its climb to \$535 per ounce by January, 1987. The metal

then peaked again at \$620 an ounce last April with talk of stabi-lizing the dollar. Since then, prices bave slipped back to around \$525.

OR many investors, vol-atility remains plati-num's biggest appeal and sets it apart from gold and silver. Wherever precious metals prices go, so goes platinum
— only more so. "Prices rise and drop quickly in this market," says Rhona O'Connell, precious metals analyst at Shearson Lehman Brothers in London.

When gold peaked at \$825 in 1980, platinum was at its all-time high of \$1,045. But when gold fell to \$298 per ounce in 1982, platinum sunk even lower to \$244 per ounce. Still, when the precious metals take off, she says, "platinum is the strongest performer

Some metals analysts believe platinum prices will recover to a broad trading range of \$580 to \$600 over the next few months, in three to five years, however, a number of experts say there is a good chance that planinum will beat its 1980 high of \$1,045 when the metal topped out at the height of inflation.

"Platinum could even go as high as 10 to 12 percent beyond that level to \$1,200 to \$1,300," says Martin Armstrong, a technical analyst and president of Princeton Economic Consultants.

Still, metals analysts caution that even the upbeat outlook would change dramatically if the world economy slips into recession, a chronic fear in the wake of the stock markets decline. The platinum market, they note, is dominated largely by industrial use, and a sluggish economy is bound to trim demand.



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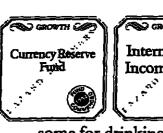
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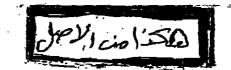
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By Joan Westreich HERE has always been a logical appeal to in-

New York

dex funds. About one

out of four fund man-

agers successfully outperforms the

market, the argument goes, so it makes sense for investors to be

content with simply mirroring the

performance of some widely ac-

cepted gauge of stock values, such as the Standard & Poor's 500 in-dex and Dow Jones Industrial Av-

erage.

For much of the bull market

that was an approach that paid off handsomely. To a large extent, the

rally in stocks was concentrated in

the blue chip issues that make up

the major indexes. The strategy

that says "if you can't beat them join them" was a winning one.

prices hit Oct. 19, index funds de-

clined in tandem with the Dow

and other popular measures.

Many funds with managers who actively manage the portfolios cushioned the fall by reducing ex-

posure to stocks or particularly

vulnerable sectors. In the week

from Oct. 15 to 22, the average performance of U.S. mutual funds

ment values therein, are now going through a great deal of rapid change. This is no time to

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But when the slide in stock tracked by Lipper Analytical Services hit Oct. 19, index funds devices fell 10.66 percent. By comparison, the Dow Jones Industrials Average was down 17.18 percent and the S&P 500 lost 16.72

Those results raise the question

Companies of Valley Forge, Pennsylvania, believes they will. He considers his firm's Index Trust fund, whose portfolio tracks the S&P 500, to be the ultimate buyand-hold investment and does not believe its popularity will be seriously affected.

For the first nine months of 1987, the Vanguard index fund.

was the firm's second most popular fund for new investments among its stable of 46 funds. Launched in 1976, the fund was the first such vehicle for individual investors. It has 35,000 shareholders and \$865 million in assets, down from about \$1 billion before the stock market drop.

Mr. Mattes is unperturbed about the fund's 16.73-percent decline in the week ending Oct. 22. "It's to be expected," he explains. "(The fund) has about a 99-percent correlation with the market and did exactly what it should

He says that an index fund is for sophisticated investors who are in for the long haul. These inves-tors understand they "are just taking market risk; no more, no less," Mr. Mattes explains. The biggest users have been pension funds, which have about \$123.6 billion in equity index funds run by outside advisers. Pension funds manage on their own another \$30 billion in indexed assets.

So far this year, the Vanguard fund's total return, including rein-vested dividends and capital gains, is a mere 3.06 percent. But longterm figures offer a different perspective. In the five-year period ending Dec. 31, 1986, the Vanguard index fund has returned 141.15 percent compared with an average return of 117.28 percent for all equity mutual funds, according to Lipper Analytical.

Beyond the long-term performance, index funds have the added allure of being low cost investment vehicles. Since matching an index eliminates the need for highpriced fund managers and re-search departments, costs are kept low. Vanguard pockets a skimpy 0.28 percent of assets for manag-ing the fund.

Still, a number of money managers dismiss the so-called passive strategies of index funds, especially in current market conditions. Today index funds are one of the worst investments, asserts Kent Kramer, a financial planner with Atlanta-based Walker Capital Management Corp. "We're in a stock picker's environment right

Another company offering an S&P 500-based index fund is Bos-ton's Colonial Group of Mutual Funds. Its United States Equity Index Trust charges a one-time sliding-scale sales fee, depending on the size of investment, of up to

One of few entries based on the Dow Jones Industrials Average is

New York sales the Bench Blue Chip fund. The fund invests in only 33 stocks in cluding the 30 blue chip stock listed on the Dow industrials Bench Blue Chip charges a 2 per-cent sales fee and requires a \$1,00

well, but minimum deposit. The popularity of the indend approach also has spawned a range of investment vehicles that

aution persists By Joan Westreich seek to offer representative exposure to certain types of stocks. One HEN the world's stock man came grashing down came grashing down months the termory extend the well-appropriated office in London. New York where was directally of an abrespit modeshattering attends in an appropriate the property of the pr example is Colonial's Small Stock Fund, which seeks to mirror to performance of lesser known, sec.

Investors can use the Colonia fund to gain exposure to smaller stocks while at the same time achieving more diversification than they would otherwise have it they tried had to buy shares direct. ly. A similar, passively managed fund of small stocks is offered by Dimensional Fund Advisors of white market are indeed felt a lot market as far seems marrial. If any a seems from the first market are market as far market, the best works were best offenings of lot arrasts and particularly reserves. Santa Monica, California

ondary stocks in the United

Colonial also offers an interna-tional fund linked to Morgan Stanley Capital International's index of European, Australian and Far Eastern stocks. Tracking international indexes poses special problems, though, given the narrowness of many non-U.S. mar-

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of whether index funds will maintain their allure for individual investors. Brian Mattes, vice president of the Vanguard Group of

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STRATEGY

# Post-Crash Byword Is Safety

Continued from page 7

"flight to quality" became apparent soon after the market collapse and the trend has continued. Companies that fall into this category usually have strong management, sound balance sheets and big capi-

These include utilities, property casualty insurers, tobacco companies and soft-drink makers. But even with these kinds of stocks, Mr. Einhorn says investors must be willing to take a six-month

Prudential-Bache Securities came up with a list of selections similar to those offered by other AT&T, BellSouth Corp and Pacific Telisis among telecommunica-tion issues. For beverages and to-baccos, the favorites were Anheuser-Busch and PepsiCo. In the electric utilities sector, the choices were General Public Utilities, Southern California Edison and Public Service Enterprise

WIN \$ MILLIONS! ORD MOTOR was also included in the list. Although most analysts believe the outlook for lieve the outlook for automakers is bleak given the prospects of an economic slowdown, the market sell-off knocked down Ford's price-earnings multi-

> When it comes to long-term strategy, there is less agreement. Analysts accept that the market crash is bound to trim economic growth, but the likelihood of a recession is far from certain. "At the moment, all the surveys are useless," says Mr. Gordon of Dreyfus, "because the market is still in the trauma stage."

While acknowledging that his is a contrarian view, Suresh Bihrud, co-chairman of the investment policy committee at Oppenheimer & Co., says the upheaval in the market has had a curative effect. "It took the inflation psychology out of the market and is forcing central banks to stimulate their economies," he says. "I'm looking for big declines in interest rates in the United States, Germany and Ja-

He believes that the economic downturn will be minimal, that consumers will be undeterred and that the rally will resume. "The only impact will be on high-priced imports and that will help the trade deficit even more," he says.
"I'm very bullish when looking at the next six to 12 months."

Still, other analysts contend that the market will never be the same. Merrill's Mr. Clough, for

stocks that led the bull market After years of seeing their export suffered a fatal blow Oct. 19. "The volume shrivel because of a strong economy will slow, and the condollar, many of these companies have undergone painful restrucsumer is going down for the

count," he says.
If so, Mr. Clough believes, there is a good chance that industrial

turing.
This, in turn, has produced

leaner and potentially more profit-

companies have the most to gain if the dollar continues to decline. The industrials will lead the next rally," says Mr. Clough who is looking at companies such as Caterpillar, Decre, Dow Chemical and Hewlett-Packard.

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in October.

saners	Percent Gain	Price Oct. 31	KOSERS	Percent Loss	Price Oct. 31
New York Stock Exc Complied by Media General Fir		vicas, Prices	In dollars	3- 3- 3-	
U.S. Leasing Int'l. DCNY Corp. MFS Municipal Income Savannah Elec. & Power Wells Fargo Mtg. & Eqty L&N Housing Corp. Rexham Corp. Potomac Electric Duke Power Co. Baltimore Gas & Elec.	37 13 13 13 12 10 7 7 5	66.75 20.50 10.00 19.00 19.75 18.50 57.50 24.38 48.00 32.75	Newmont Mining Corp. News Corp. Ltd. E. F. Hutton Group CML Group Condisco Inc. Willcox & Gibbs Inc. Zenith Electronics Munford Inc. Kellwood Co. Tiffany & Co.	64 56 54 51 50 50 50 50 50 49	35.88 15.50 17.00 13.88 16.88 12.75 13.50 16.63 17.88 18.25
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Northview Corp. Citizens Insurance Prudential Bancorp Fairhaven Savings Bank	54 47 28	16.50 11.00 24.00	Inspeech Inc. Chartwell Group V Band Corp.	62 61 54	10.25 11.00 18.00

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London Stock Exchair Compiled by Morgan Stanley C		mational, Pric	ces in pence.		

British Gas	12	152	BOC Group	38	337
Bank of Ireland	10	200	TI Group	39	279
Provident Financial	10	335	Beazer	40	161
British Telecom	10 '	237	Jaguar	43	329
Whitbread (A)	10	293	De Beers (S.Africa)	43	550
ASS U DITUSTI FOODS	10	310	Johnson Matthey	44	229
Ass'd British Foods	5	332	Standard Chartered	45	45
Woolworth Holdings	ş	442	BSR International	45	7
Equity and Law	ý	443	Morgan Grenfell	45	30: 7
Hill Samuel Octopus Publishing	9	745	Reuters Holdings B	49	46

Tokyo Stock Exchange:

Complied by Morgan Stanley Capital International, Prices in yen.

Nissin Food Okumura Kinki Nippon Railway Tokyu Corp. Tobu Railway Ohbayashi Corp. Maeda Construction Nippon Express Japan Air Lines Keihin Elec.	23 18 18 18 13 12 12 9 8 7	5,210 1,140 1,070 1,630 1,050 1,130 1,720 1,270 18,100 1,160	Hirose Electric Advantest Nichicon Kyocera Alps Electric CSK Matsushita Commun. Amada Matsushita Elect. Intec	39 36 35 34 32 32 32 31 31 30	3,410 5,000 1,050 4,600 1,840 4,510 3,180 885 1,950 5,030
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2 Games	□ \$ 90.	□ <b>\$225</b> .	☐ \$ 450.	
3 Games	□ \$135.	□ <b>\$33</b> 7.	□ <b>\$</b> 675.	
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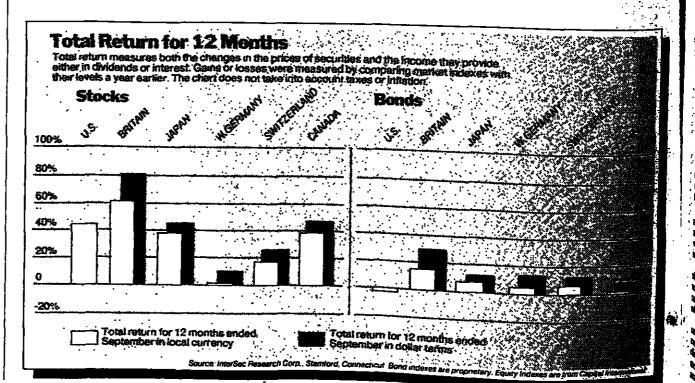
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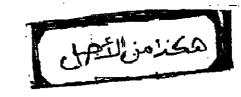
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The industrials will test rally," says Mr. Cloud; looking at companies and erpillar. Decre. Don & and Hewiert-Packard

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KINDE ERGITECT

# Taking the Art Market's Pulse New York sales went well, but

By Joan Westreich

caution persists

HEN the world's stock markets came crashing down last month, the tremors extended to the well-appointed offices of auction houses in London, New York and Geneva. There was dire talk of an abrupt halt to the record-shattering climb in art prices in recent years.

An initial test of those worries came last week in a round of contemporary art auctions in New York, the first of the important holiday sales season. The tentative assessments were that the market had indeed felt a jolt, but the damage so far seems minimal. If anything, the results give new testimony to the multilayered nature of the global art market.

Not surprisingly, the best works were sold, while lesser offerings of top artists and paintings with lofty reserves — or minimum selling price — went begging.

Robert Rauschenberg's "Backwash," an

abstract study of paint and lettering from 1959, went for \$814,000. That was a record price for the artist, and almost doubled the previous high. The work was bought by an unidentified collector at the Sotheby's sale, which brought in \$17.7 million, the secondhighest total ever for an auction of contempo-

At a Christie's auction the night before, Francis Bacon's "Figure with two Owls -Study After Velázquez Innocent X" was sold for \$1.3 million, and the artist's "Study for Portrait of P.L. No. 1" garnered \$858,000. But works by Jackson Pollock, Frank Stella, and

Mark Rothko, among others, had no takers. With \$7.8 million in sales, the Christie's anction earned significantly less than the pre-crash estimates of between \$9.3 million and



'Backwash'

\$12.9 million. "Those reserves were set six months ago at the height of the bull market," reminds Robin Riley, Christie's fine art publicist. "When you have an inflated [art] market, there is always a natural weeding out."

Vitality persists in a number of sectors. In recent weeks both Christie's and Sotheby's had successful - sometimes record-breaking sales of jewelry, silver, books and furniture. "London and European sales have remained strong," observed Michael Ainslee, president and chief executive officer of Sotheby's Holdings Inc., the auction house's parent company.

The results of the contemporary-art auctions buoyed the spirits of New York dealers, but a strong sense of caution prevails. Dealers say a number of corporate clients and individ-uals who do not fall into the category of ultrarich collectors have canceled purchases or put them on hold. Ronald Feldman, a SoHo gallery owner, says a client who withdrew a painting for sale after the crash was "waiting to see what [could be considered] a reasonable price after the auctions."

John Koegel, an attorney who represents artists, dealers and collectors, believes that

"we've already seen the alleviation of the immediate fear of depression." But there is still considerable trepidation, he says, because of "the very close relationship between the health of the financial markets and the New York art market."

Mr. Koegel feels that gallery sales of contemporary art are going to suffer a bit. Rather than a general decline in prices, which dealers would resist, he sees "a cooling off of increases." But Mr. Feldman says "works that are not first-rate will probably drop in price." Support for the market flows from the reluctance of owners of quality works to sell, and the view of many collectors that are repre-

"I spent the days after Black Monday furi-ously shaking the trees to see if I could find any apples to buy," reports Richard Feigen, a New York dealer. Far from being unsettled by foreboding talk, many owners said they "felt safer in paintings than elsewhere," he says.

sents a haven for their wealth in times of

Mr. Feigen suggests that art could become a haven for funds afraid to be in the dollar or the stock market." Observes Mr. Ainslee: "In

hard times, people invest in tangibles."
For the big-money investors, though, the fluctuations of the stock market will matter little. Ikkan Sanada, a consultant to major Japanese collectors, who tend to favor linpressionists and modern masters over con-temporary, says his clients "view art as a longterm investment" and are "not really affected" by the stock market. Mr. Sanada's clients includes dealers in Japan and wealthy individuals, many of whom are entrepreneurs in the 40s.

This week's auctions of works by the Impressionists will be closely watched for further evidence of the art market's health. Mr. Ainslee reports global interest in van Gogh's "Irises." "We know of buyers from at least five countries who are interested," he says.

After March's watershed auction of th artist's "Sunflowers" for \$39.9 million, it will be instructive to see whether "Irises" sur-passes Mr. Ainslee's \$25 million to \$35 milion estimate.

Mr. Sanada says he might have the right buyer. One of his clients, he says, "is seriously interested." But of course, he adds without a trace of irony, that's only "if the price doesn't go too excessively high.

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### **PROFILE**

# Global Themes in a Post-Crash World

Continued from page 7

have an investment strategy which is robust to the unfolding events." Geoff Lewis, WolfdInvest's economist.

says the two scenarios the firm envisaged "stood up fairly well" after the mid-October turning point in the markets.

The first called for moderate economic growth and inflation with the bulk of the downward adjustment in the U.S. dollar having already taken place. The second scenario foresaw the possibility of a continued decline in the dollar giving rise to tighter U.S. monetary policy, driving up bond yields and in-creasing the odds of recession in the United States. However, the firm was much more

"We thought the inflationary fears were unfounded," Mr. Lewis says. "We've certainly seen that inflationary bubble, which arose earlier this year, completely deflated."

Mr. Lewis said the scenarios led the firm to be "quite optimistic on the prospects of fixed income and correspondingly very worried about the prospect for equities."

The rethinking that has gone on since

stocks came crashing down has produced pes-simistic estimates of future economic growth,

FUNDS =

A Jolt

tonical basis.

London:

For Funds

Continued from page 7

thing of a flap in the industry. Typically, British unit trusts have priced their fund shares on a his-

The net asset value of the shares at the end of the previous day is used to fix the price of a transac-

Earlier this year, the Securities

and Investment Board proposed that unit trusts adopt forward

pricing, meaning that the transac-

tion would be based on the next

calculation after the order was

Forward pricing is the norm for U.S. mutual funds.

In a statement issued Oct. 27,

the Unit Trust Association says

"forward pticing" has proved un-

popular with investors and went

on record against the SIB propos-

The firm is still bullish on Britain and Spain

Mr. Lewis says. He says the firm remains bullish on fixed-income instruments, with a typical balanced fund now weighted 60 percent in bonds.
"When it comes to choosing scenarios I

think the vital factor which is going to help sumes will happen to the fiscal policy debate in the U.S.," he says. The deficit deliberations, Mr. Lewis believes, are the starting point.

Worldinvest has not changed the weightings in their equity portfolios significantly since the market crash. The firm remains bearish when it comes to Japanese and German stocks. Even though Bonn lowered the Lombard rate last Thursday, Mr. Lewis still believes West Germany has not done enough to stimulate its economy.

By contrast, its portfolios reflect a bullish outlook for Britain and Spain. U.S. stocks still account for about 20 percent of their stock

When it comes to British stocks, Margaret Paulus, an investment manager, says the firm has been concentrating on defensive investments and staying away from cyclical, econo-my-driven stocks. This has meant buying stocks in the consumer-oriented and interest

Among the firm's current holdings is Pleasurama whose hotels provide a ready cash flow and a highly visible asset base, Ms. Pauhus says. The firm also favors Automated Security (Holdings) Ltd., which offers a range of security services from full-scale industrial surveillance systems to burgiar alarms.

British Printing & Communication Corp. PLC, the Robert Maxwell publishing concern, is another stock held by the firm.

Ms. Paulus, who also specializes in Spanish equities, says the Madrid market fell significantly as foreign investors pulled out. But the sell-off, she contends, has created opportuni-ties to buy stocks in sectors that had become too expensive before the crash, such as construction stocks.

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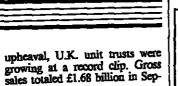
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Mr. Stuttaford said the fact that managers were forced to temporanily adopt forward pricing in an emergency should not be used as an argument in support of using the system all the time. For now, fund managers are

more concerned with where the markets are headed and whether a wave of redemptions is in the mak-Industry observers say the pos-sibility of a powerful redemption wave would be greatest during a

rally or after prices have rebounded and stabilized. In anticipation of a redemption rush, many fund managers raised cash by selling equities into a declining market so they would have money on hand. Perversely, this accelerated the markets' down-

Before October's stock market



tember alone. Net new investment, which exchides money paid out to customers cashing in units, reached \$1.16 billion, a record high. The number of unitholder accounts rose by a record 329,000, Unit Trust Associ-

ation figures show. Funds under management ammounted to £50.3 billion in the month to Oct. 1. Preliminary indications show that October's phunge shaved at least £10 million off that total.

The optimists say the collapse in share prices will simply mean a redeployment of assets by inves-

For example, some may shift money out of North American equity funds and into various government bond funds or gold

But how well the unit trust business weathered the October crisis will not be known until market conditions calm down for a sustained period of time.

Marybeth Nibley



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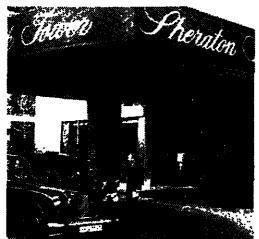
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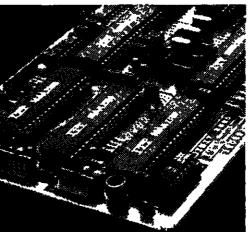
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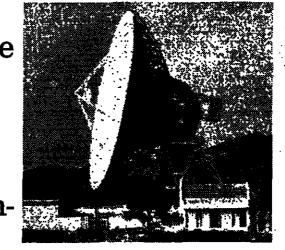
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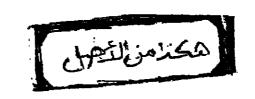
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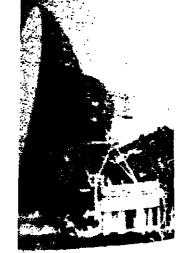
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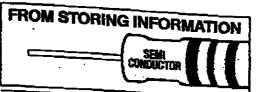
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TÖSHIBA

# Sea of Official Liquidity **Buoys Fixed-Rate Paper**

ARIS — The storm of uncertainty swirling through markets since late October hit the foreign exchange market last week. But equity markets were becalmed, waiting to see what Washington does about its budget deficit and where the dollar ultimately settles. Central banks, maintaining the stance they have taken since the crisis erupted, continued to pump massive amounts of liquidity into money markets.

The Fed is likely to

continue providing

ample funds to the

Henry Kaufman.

money market, says

Last week, the central banks made these huge outlays trying to stabilize the dollar. The officials met more success in calming securities markets than in steadying the U.S. currency, but the dollar's decline, in the view of many analysis, was inevitable.

Bond markets were the major beneficiaries of the govern-ment action. The abundant liquidity translated into lower

interest rates, and that fed a rush to buy fixed-income securities. Demand for paper denominated in Deutsche marks and yen was further boosted by foreign investors speculating on currency

Even the dollar, weak as it was on the foreign exchange market, attracted buying. The U.S. Treasury auctions drew substantial demand last week from Japan, where investors borrowed dollars to buy the bonds since there was no immediate danger of prices falling. Using borrowed dollars to finance the purchases eliminat-

ed any currency risk.

However, U.S. bond prices eased late Friday. The market was unnerved by figures showing a surge in U.S. October nonfarm employment — taken as a sign that the economy was expanding faster than had been expected and reducing the chances of any further easing by the Fed.

But Salomon Brothers Inc.'s chief economist, Henry Kaufman.

said that while "the Fed is likely to guard against encouraging market expectations of additional policy easing" monetary relaxation outside the United States and the likely cut in the U.S. budget deficit "will allow the monetary authorities to maintain their current stance."

ACCORDING TO Neal M. Soss, chief economist for First Boston Corp., "there is no risk over the next 30 to 90 days" of central banks tightening their monetary policies. He predicted that the Federal Reserve would not consider any tightening until the effects on personal wealth of October's crash in stock prices could be measured.

Economists are widely split on whether and by how much that drop in equity values will translate into a drop in U.S. consumer spending. Mr. Soss noted, for example, that a stock crash in 1962 had no negative effect on spending.

Given the difficulty in measuring the impact, Mr. Soss said he

expects the Fed to maintain its easy money stance at least until a clearer picture on consumer attitudes emerges from the Christ-

Until then, he said, the Fed's major concern will be on

"Liquidity is the building block of all markets," he said.
"Provision of liquidity provides greater financial stability."

That liquidity, however, was also the undoing of the dollar.
Before the late October crisis in equity markets, interest rates on Eurodollar deposits were 4 percentage points over rates for Deutsche marks and yen, helping to attract investors into the

By last week, with U.S. interest rates falling faster than the others, the differential was down to 3.3 points against the mark and 3 points against the yen — a level that the foreign exchange market deemed inadequate given the high probability that the dollar would decline in value.

But now that it has, analysts say, all that's missing to justify a new meeting of finance ministers from the seven leading industri-alized nations is a U.S. commitment to cut its budget deficit. Then, all the ingredients will be in place to reconstitute the Louvre accord that sought to stabilize exchange rates through

economic policy coordination.

"The most likely outcome," Credit Suisse First Boston said in its weekly market comment, "is some kind of U.S. budget package early this week followed by a formal meeting of the Group of Seven at which target ranges for the dollar and a round of joint interest cuts will be renegotiated."

It estimated the new dollar trading targets at 1.60 to 1.80 DM and 125 to 145 yen. The U.S. currency closed in New York on Friday near the middle of these values, at 1.6705 DM and 134.95

The only bond market not to have benefited last week was in France. The French Treasury had no sooner finished selling 4 billion francs worth of bonds to underwriters when the Banque de See BONDS, Page 15

**Currency Rates** 

7.8111 7.6914

Sources: Indosvez Bank (Brussels); Banca Commerciale Italiana (Milan); Bankve Nationale de Paris (Poris); Bank of Tokyo (Tokyo); IMF (SOR); BAII (dinor, rival dirhom); Gesbank (ruble), Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Money Rates

Federal funds rate

611/16

450 3.65 295

Oct. 30

468.80

United States

prime rate

West Germany

g D.M.
1159 1.1248
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Kuwaiti diner 0.2757
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# U.S. Exchanges Vie to Lay the Blame

By James Sterngold
Ven York Times Nervice
NEW YORK — A bitter dispute has broken out between executives of the New York Stock Exchange, the Chicago Mercantile Exchange and the Chicago Board of Trade over responsibility for the stock market collapse

three weeks ago.
John J. Phelan Jr., chairman of
the NYSE, has irritated the Chicago Mercantile Exchange and the Board of Trade by suggesting that stock-index futures contributed to the market's swift de-

Some of his criticism focused on program trading, a sophisti-cated strategy involving simulta-neous trades in the stock-index futures market and the actual stocks that make up the index. Many argue that program trading accelerates sudden swings in prices, such as the 508-point plunge of the Dow Jones industrial average on Oct. 19.

Mr. Phelan has pointed out that the stock exchange stayed open on Oct. 20, but that the stock-index futures pits had to be

The Merc and the Board of Trade have fired return salvos, complaining that trading was halted in many key stocks listed on the NYSE at various times during the market panic. The debate has already moved to Washington, where the exchanges are seeking to influence the outcome of a number of investigations into the market problems.

"Within the last five days, sud-denly, we've been flooded by their people from New York and Chicago," a senior staff member of one of the congressional committees involved in an investigation of the markets said late last week. "It's one hell of a mess. I don't expect to hear a lot of rational thinking for a while."

Karmel, a former member of the Securities and Exchange Commission and now a director of the New York Stock Exchange, "when it gets to Washington, the financial industry does not always put its best foot forward because of the competition you See SPLIT, Page 18

"Sometimes," said Roberta S.



Leo Melamed, upper left, chairman of the Merc's executive committee, and John J. Phelan Jr., chairman of the NYSE. The Chicago Board of Trade at La Salle Street.

# For Chicago Gatsbys, Unsure Futures

By Julia M. Flynn

CHICAGO - Just as New York has flourished in recent years from the boom on Wall Street, so has Chicago prospered from the rising fortunes of its options and futures exchanges.

In part because of those exchanges, the tumble of parking lots and skid row hotels in the city's downtown section has given way to chic restaurants, glittering high-rise apartment buildings and health clubs that cater to the growing ranks of

Top executives of the exchanges have become some of the most sought-after guests for society and charity events. And traders have been known to spend thousands of dollars during a single afternoon's shopping spree on Chicago's Magnifi-cent Mile, where the most expensive stores in the

"The exchanges have given this city a real boost," said Bob Tamarkin, author of "The New Gatsbys," a book about Chicago's commodity

traders. "They've told the world Chicago is more than just a rough-and-tumble town full of gang-

The importance of the options and futures exchanges to Chicago's economy has not been lost on the city's leaders. "Enjoy yourselves and make every damn dollar you can," urged Mayor Harold Washington in September, when the Chicago Board of Trade started Sunday evening trading

Now the city's exchanges are coming under siege. Rightly or wrongly, the financial futures born in Chicago's commodity trading pits have been widely blamed for the stock market's collapse on Oct. 19. And pressure to regulate them is

Although it is highly unlikely that Chicago's markets will disappear, tighter regulations could limit their growth and employment. Such regulations "could cripple the industry," warned Merton H. Miller, a University of Chicago

See CHICAGO, Page 18

# Argentina, IMF Said to Agree On Loan Plan

WASHINGTON — Argentina and the International Monetary Fund have tentatively agreed on a new economic program that could soon free about \$2 billion in IMF and commercial bank loans for the country, monetary sources said

Sunday.
The U.S. Treasury also said that a previously announced \$500 million bridge loan—to tide the country over until the funds are available — will be ready for
disbursement in the next few days.
The sources said that Michel
Camdessus, the IMF's managing
director, had approve the Argen-

tine program because the country was trying to solve its economic problems and promote expansion. Argentina, which owes \$54 billion to foreign creditors, is the de-veloping world's third-largest debtor, with roughly half the foreign obligations of Brazil and Mexico. It owes U.S. banks alone about \$8 billion.

The agreement is expected to end rumors that circulated in financial markets last week that Argentina was considering suspending its interest payments.

On July 23 the IMF approved a \$1.4 billion loan program for Argentina. Of that, about \$370 million was made immediately avail-

Argentina was to receive an additional \$215 million by the end of October, thus triggering the release of about \$500 million from commercial banks. Both payments, however, were delayed because the country had not met IMF economic targets. The new agreement means that those funds will be released soon.

After the agreement is approved by the IMF's executive board, expected in about six weeks, the group will advance another \$250 million and its sister organization, the World Bank, will release a similar amount. Commercial banks will then provide a second \$500 million.

### Brazil Debt Pact Is Win For Banks

By Anne Swardson

Washington Past Service
WASHINGTON — The hard-fought agreement between Brazil and its creditor banks includes some significant victories for the banks. But financial specialists say the accord still could face opposition from some.

Under the plan, announce

late Thursday, a consortium of international banks will lend \$1 ollion and Brazil will contribute \$500 million to come up with a \$1.5 billion fourth-quarter interest payment in December. Brazil, the developing world's larg-est debtor, suspended payments on about \$68 billion in mediumand\_long-term commercial debt on Feb. 20.

The agreement also calls for a contribution of \$2 billion from the banks and \$1 billion from Brazil to cover interest that has built up since the moratorium was imposed. That money would be disbursed after the two parties agree on a longer-range package of new loans and time-

package of new loans and this-tables for stretching out pay-ments on existing debt. Negotia-tors hope to complete this second step by June.

On the face of it, it appears that the banks are actually lending money to Brazil so that Braril, with total foreign debt of about \$112 billion, can pay the overdue interest. But bankers said other elements of the package mark significant concessions

from a country that strongly resisted resumption of payments. "I believe this is the first step See BRAZIL, Page 15

# Inflation Is Ugly Word in China, but Most Prefer It to 'Controlled' Scarcity

By Edward Gargan New York Times Service

BELJING - There is a new ugly at a recent meeting of the Congress of the Communist Party. Newspapers have been running editorials

And China's people, who are lad to see the food and goods that the higher prices are producing, are discussing the pros and cons of rising prices in markets and small

Inflation has begun to take toot as the nation adapts to the wide range of free-market reforms introduced over the last several years.

one of the best measures rvailable, prices are up more than 9 percent for the first six months this experienced inflation of only 1 per- ed. "They don't have an index for that formally approves policies for

word in China: inflation, China's teering have emerged, consumers Western embassy. established fixed prices. But like punching a down-filled pillow, suppressing prices in one place merely seems to plump them up elsewhere.

According to the monthly China Statistical Reports, food prices in cities were 19.5 percent higher in the first six months of this year than in the comparable period of

Certain commodities showed particularly dramatic increases. The price of grain products, including rice and wheat, was up 46.4 percent, and prices of fresh vegeta-bles rose 26.9 percent.

Several Western diplomats who year, a very large increase for a monitor China's economy believe country that until two years ago that the inflation level is understat-

Japanese Are Jittery on Investments

nior economist at the Long-Term Credit Bank of Japan. "If there's

no new money moving into the U.S. market, we can expect further

depreciation in the dollar's value

and a consequent upward pressure

Japanese investors have, in ef-ect, moved sideways — from U.S.

stocks and government securities

into short-term money-market in-

Japan's purchases of foreign

conds, concentrated in the United

States, dropped 34 percent in the third quarter of this year, to \$15.77

billion. Early this year, the total amount of Japanese funds invested

in U.S. government securities and

corporate bonds was estimated at

In the long term, Japanese mon-

ey managers said, they have no

on interest rates."

about \$100 billion.

People's Bank of China show a higher rate of inflation," he added. The problem of swiftly rising prices has so alarmed China's lead ership that the matter was one of the principal topics of discussion at the 13th Congress of the Commu-nist Party, which ended on Nov. 2.

In an address to the Congress as it opened on Oct. 25, Prime Minis-ter Zhao Ziyang called for the even-tual deregulation of virtually all prices. "We should gradually estab-lish a system under which the state sets the prices of a few vital com-modities and labor services while leaving the rest to be regulated by the market," he said.

The Party Congress, the body

Prices are seen as the key to bether economic reform will suc- lysts and many Chinese believe that

Many Western economic ana-

cent or less for more than 30 years.

Prices have been rising so far and so fast lately that charges of profiteering have emerged, consumers

Western embassy.

Such things as intermediate goods, the country, ratified Mr. Zhao's poceed in China, which has been undergoing economic upheaval under which prices more realistically repend have ground exciton and officially have any officially have any officially have a profit of the country, ratified Mr. Zhao's poceed in China, which has been undergoing economic upheaval under which prices more realistically repend have ground officially have any officially have any officially have any officially have a solution of the country, ratified Mr. Zhao's poceed in China, which has been undergoing economic upheaval under which prices more realistically repend have ground any officially have any official have any official have any officially have any official hav

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## Financial 'Whiz' Proves to Be Just a Kid

Compiled by Our Stuff From Dispatches

LONDON — A 15-year-old British schoolboy who borrowed and gambled £100,000 (\$178,000) on the London Stock Exchange after convincing brokers that he was a financial "whiz kid" faces possible charges for leaving them holding about £20,000 in losses, authorities said.

Officials said that his parents may have to make good on the losses, which were suffered in the recent stock market crisis.

"I didn't know about it until the local newspaper telephoned me," his mother said. His father said the family has sought legal advice.

Because of his age, police only identified the boy as being from Derbyshire in central England. They said he had gone home from school on hunch breaks to phone brokers.

Detectives said that the boy told school friends:
"I'm on my way to making my first million."
Classmates said he had been buying shares by phone since he was 11. He celebrated his biggest

deals with champagne and even had his own ac-countant, they said.

"He wasn't even studying economics. He's just a pupil of average intelligence," said the boy's head-master, David Marshall. He was "certainly not the sort you would call a whiz kid."

Brokers said they thought their client was 19 old enough to legally buy shares — and were impressed with his knowledge of financial jargon. He ordered shares from several companies totaling as much as £100,000 and was given credit. His name was put through the London Stock

Exchange's computer of bad debtors and when no trace was found he was assumed to be creditworthy.

Hornified brokers called police after discovering that the losses had been run up by a minor.

A spokesman for one of the brokerages said:

This young lad has been very naughty. We thought be was 19. He cannot be allowed to get away with it. He must be made to be responsible for his actions, even it it means having to pay off his debts for many ears to come. Police said they were astonished at how easily the

youth was able to enter the world of finance. "Apparently he was very convincing and knew all the terms involved," a detective said. (Reuters, UPI) 

### ther currency risk. clear," said Nobuyuki Ueda, a se-Japanese investors who were ner-

By Patrick L. Smith International Herald Tribuse
TOKYO — Exchange-rate volatility and stock market turmoil

have thrown Japanese institutional investors into something close to panic, according to fund managers and financial analysts here. The slump of the dollar against

the yen is igniting fresh fears in

Tokyo about the value of Japanese

investments in U.S. securities and preading confusion as to how these assets should be protected. There is little immediate danger of a large-scale withdrawal of Japa-nese funds from the United States, where such investment has helped keep interest rates relatively low, local and foreign analysts said. But

into dollar-denominated securities At the same time, pessimism about prospects for Tokyo stock prices is deepening.

the flow of new Japanese money

People are at a loss as to what to do," said Nobumitsu Kagami, managing director of Nomura Investment Management Co., a sub-sidiary of Japan's largest securities

Although last week's U.S. Treasnry refinancing was adequately supported, analysis said there was little indication that Japanese in-vestors intended to hold the notes and bonds in their portfolios as long-term investments. This follows the recent trend, where Japanese buying came largely from traders eager to make money on short-term price movements.

At Thursday's auction of 30-year bonds, dealers estimated that Japanese buyers accounted for at least 20 percent of the \$4.77 billion in bonds on offer.

But reflecting expectations that the dollar will soon drop another 10 to 15 percent against the yen, Japanese investors are believed to have financed their auction purchases

chiefly by liquidating other dollar-denominated holdings or by bor-rowing dollars to climinate any fur-enough to absorb Japan's trade sur-

vous about exchange-rate risks would have pumped funds into the Tokyo stock market. But even after the relatively modest 13.5 percent decline in the Nikkei index of 225 leading stocks since Oct. 16, several factors sug-gest that Japanese equities are still

vulnerable, analysts assert. The yea's appreciation could undermine Japan's economic recovery by blunting the competitiveness of Japanese exports. Also, the renewed strength in Japan's economy is attracting funds into capital spending from purely financial investments and will initially depress

The only potential bright spot for Japanese institutions is the doestic bond market, analysts said, which is expected to rebound from recent lows because of declining choice but to invest in the United interest rates.

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# New International Bond Issues

Compiled by Lourence Desvilettes							
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FLOATING RATE N	DTES						
Hásh 2	\$ 35	1992	0.21	100.10		Over 6-month Libor. Nancatable. Fees 0.11%. Denominations \$100,000.	
Kansallis-Osake- Panida	\$ 50	1990	1/4	100%	_	Over the U.S. Treasury band due Aug. 1997, semicanucily Noncollebia, Redemption at materity 70% in U.S. dollars on 30% in NZ dollars. Fees 0.175%. Despiringtions \$1 million	
Sprint Three	\$ 30	1992	0.24	100.10	_	Over 6-month Libor. Nancollable. Fees 0.15%. Denomination \$100,000.	
Investors in Industry	£ 125	1994	1/4	100	_	Over 3-month Libor. Collable at part in 1992. Fees 0.65%.	
Sariwa Australia Leasing	N2\$ 50	1992	0.45	100.10	_	Below the 6-trantif Bank bill rate, Redeemable at par on ead interest payment date. Fees 0.10%. Denomination NZ\$100,000.	
Cragem Finance	Y 15,000	1992	0.55	100%		Below the Japanese long-terms prime rate, semionautily. Noncollable. Fees 0.50%. Denominations 10 million yen.	
ENEL .	Y 10,000	1992	0.55	100.10	_	Below the Japanese long-term prime rate, semiannually. Nancallable. Fees 0.15%. Denominations 10 million yen.	
Toloyo Electric Power	Y 60,000	1992	0.55	100.30	_	Below the Japanese long-term prime rate, sentializably Callable at par in 1989. Fees 0.40%, Denominations 10 million yen.	
EXED-COUPON						<del></del>	
Austria	\$250	1990	81/2	100%	99.63	Noncollable. Fees 1966. Denominations \$10,000.	
Dévische Bank Finance	DM 500	1993	51/2	100	99.00	Nonecitable. Fees 114%.	
uropean Investment Bank	DM 300	1995	6%	100	99.50	Noncollable. Fees 1906.	
Compagnie Bancaire	£ 50	1992	10	101%	99.25	Noncolipbie. Fees 1%%.	
ord Credit Funding	£ 50	1992	9%	1011/4	98.88	Noncollable. Fees 197%.	
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By Carl Gewittz

Financing for Danish

Vienna City

PARIS - Negotiators representing the international banking community have reached an agree cent in principal with the private Spanish utility company Feesa on a

plan to restructure its debt. The proposal, which banks will be asked to approve later this month, contains some unusual features. The most striking of these is the elimination during the first three years of the 10-year reschedlling agreement of any margin over

se lending rate. In the following three years, Feesa will pay a margin of % point over the London interbank offered rate or whatever other base rate is used. In the final four years, the margin rises to % point over the base rate. This compares with an

Fecsa had been paying. In addition, Fecsa is not being rescheduling the debt.

crisis, such bank charges ran as Agh as 11/2 percent. But the most cies, the most important of which recent rescheduling agreements are dollars, about 30 percent of the

eliminated those fees. Rankers said that the waiving of thistee and the absence of any marthistee and the absence of any mar-gin during the first three years is explained by two factors: Fecsa is obliged to pay a penalty fee of 4 not asking for any new money - percent whereas reschedulings by developing countries entail substantial new loans - and banks will receive an

currency option enabling them to switch the denomination of their loans to any currency in which the

company already borrows. The official explanation for the Libor-flat see is that a reduction in the company's interest costs during the first three years is necessary to re-establish its financial health.

Although the banks were unwilling to say so, it was clear that the making some sacrifice to match the

Domestic institutions will be

average cost of about % point that to be more specific, saying that it asked to pay creditors a fee for scheduling of the equivalent of 300 In the early days of the debt lent by foreign banks. This debt is

> pesetas, about 25 percent. If after the fourth year Fecsa

The proposal to resolve the fi-

nancial crisis of Fecsa, which provides power to a large area of initial payment on existing debt.

In addition, lenders will have a national banks next week, members of the negotiating committee

If during the course of the threecontribution that domestic finan-cial institutions and the govern-ing moves up to triple-B, the lowest ment are making to put the power of the ratings considered to be incompany's finances on a sound footing. vestment grade, the drawing charge would be reduced to 27½ basis

ble-B-plus.

National Australia Bank is seek-

mercial paper in New York.

ings may be made in francs or other

domestic franc option is open only banks operating in France.

being divulged until underwriters receive their formal invitation early

lack of liquidity. Laffarge Coppee,

credit of 450 million European cur-

rency units, drew commitments of

630 million ECUs despite the low

However, Laffarge will not in-

The dollar sector is equally re-

sponsive with Primerica, the finan-

cial services company, increasing

its \$400 million loan to \$500 mil-

crease the size of the operation.

facility fee of 4 basis points.

this week.

Desnite the hig

points. The current rating is douproviding new capital amounting to 83 billion pesetas, and the government has agreed to allow the company to raise its tariffs. The ing a \$250 million back-up facility for five years. It will pay an annual government also will restructure facility fee of 614 basis points and a system, which averages the onetime front-end fee of the same costs of all utilities in a way that is amount. The charge to draw on the loan is set at 614 basis points over more favorable to Feesa.

How much Fecsa initially will repay banks has not been made

INTERNATIONAL CREDIT

public. Bankers said it would be a "reasonable amount," but refused was a "politically sensitive figure."

The agreement calls for the rebillion pesetas (about \$2.7 billion) denominated in an array of curren-

Other highlights in the interna-tional credit market last week included a \$250 million credit facility for Union Carbide Corp. The chemical company, which is still negotiating with India on the cost of the accident at its plant in Bhopal, will pay a margin of 321/2 basis points over Libor and an annual foreign creditors had to be seen as facility fee of 131/2 basis points.

since the crisis erunted.

through until 1989 in the hope that the next American president will provide more effective leadership. Many others, however, believe that

not just failing to respond to the crisis through concerted internakered and self-righteous nationalism that is making cooperation more difficult

Everyone knows, he asserted, that West Germany must stimulate its economy except the West Germans, who are living in their own "dream world." The same goes for

Everyone also knows that the United States must take quick and decisive action to cut the budget deficit, except, apparently, the peo-ple in Washington who have to

The widespread view in Western Europe is that the U.S. Congress has been just as remiss as Mr. Reagan in failing to rise to the occasion

### **BRAZIL:** Banks Favored

(Continued from first finance page)

back on the road to creditworthiness for Brazil," said William R. reforms. Rhodes of Citicorp, which leads the bankers' committee. He said the stand the relationship between the next step is to complete the details money supply and prices," a Weston this short-term arrangement ern diplomat said, "but they sure "and then sell it to the banks, then understand the complaints from negotiate a medium-term arrange- the people." ment with the Brazilians. This is a

long process. The accord was received coolly the ruling Brazilian Democratic

ovement Party. "It is worse than we could have imagined, interest rates higher than we should be paying and condi-tions which could seriously jeopar-dize the national interest," Pimenta de Veiga, a federal deputy, said on national television.

The interest rate on the new loans is % of a percentage point above the benchmark London ina general interest magazine pub-Libor. However, it is unlikely the terbank offered rate, or Libor, the rate at which many banks arrange facility will be drawn as it is detheir own funding.

signed to backstop the sale of com-Brazil had first insisted on paying no more than the Libor rate, In France, Aerospatiale is in the market for a five-year multi-option facility of 3 billion francs. Drawthereby cutting out any profit to the banks. Instead, negotiators accepted a slightly higher rate than the 13/16 above Libor that has as Mr. Deng and Mr. Zhao have Eurocurrencies but because of the been included in such other recent been willing to tolerate a tempo-debt agreements as the one with the rary tightening of consumer price

The annual facility fee is 5 basis U.S. Treasury Department and way of temporarily marshaling Federal Reserve Board officials their forces, allaying consumer points, but other details were not helped hammer out the agreement, complaints and mollifying some of and for this reason some bankers the more hard-line party members fear that non-American banks may French companies tapping the market in operations designed to der American banks to downgrade restructure existing bank lines and lower costs, there is obviously no payments were resumed.

However, the agreement is un-erument has implemented. They which entered the market seeking a likely to alter the separate, nonac-reason, correctly in the eyes of crual status of Brazilian loans in the fourth quarter, Reuters quoted trols simply postpone broad eco-New York bankers as saying.

With loans in this category, banks cannot account for the interest until it is actually received. Banks reacted to Brazil's moratorium by putting the country's loans on this basis beginning in the first quarter, with a consequent loss in

lion following an oversubscription "Considering the circumstances, it's not a bad deal for both sides," during syndication. It is paying a commitment fee of 10 basis points and a drawing charge of 4 point said Pedro Pablo Kuczynski, coover Libor for this three-year credchairman of the international arm of First Boston Corp.

### VACUUM: After Stock Rout, the West Resembles a 'Convoy With No Admiral'

But there is general agreement

economic power, in both the world

Paul Kennedy, a history profes-

sor at Yale University and the an-

thor of a much-noticed article on

the decline of America in Atlantic

magazine earlier this year, believes

that other factors are also at work.

powers under the U.S. Constitution

prevents any American president

from becoming as powerful a lead-

He contends that the division of

and in forsaking international responsibility.

Not everyone would agree with ed States, Mr. Kennedy says. As the French newspaper Le Monde, the latest crisis has shown, there is

gain world stature. In West Germanv. Chancellor Helmut Kohl. not a

It is not just a question of coping which abruptly announced the end an ever-widening gap between the charismatic figure at the best of with the latest crisis. The West, it is of American hegemony a week after the Oct. 19 plunge in share financial events and the time needince the crisis erupted.

end of the post-World War II phase prices.

Mr. Schmidt believes that the in which the United States could But

best the West can do is muddle exercise unique and undisputed that the relative decline in U.S. economic leadership. But the Western decision-mak- and in the West, must lead to some ing system has not adapted to re-reduction in U.S. influence - at flect the changing realities of pow- least in economic, as opposed to er, in particular the growing strategic, decision-making. the situation is more urgent.

Western governments, said one conomic weight of West Germany former top European diplomat, are

The stock market collapse has only underlined the point. It is unitional leadership. They are actually versally recognized that whatever slipping backwards into a blin- action Washington now takes, it cannot solve the problems of the world economy by itself. West Germany and Japan also have to have the political courage to make an

economic contribution. The word "hegemony" is much er as, say, Bismarck in the 19th in vogue in intellectual circles for describing what the United States

The constitution, designed for is losing. According to Webster's the 18th century, also slows down

sign of creeping capitalism.

who just retired from the Central

The Chinese people are glad to

see that many foodstuffs and goods have become more available. That

does not mean they are happy about having to pay higher prices.

Trying to sell inflation to the

Chinese people is tough," one Western analyst said. "Needless to

The government has managed to

protect most workers by raising

wages. According to the overseas

lished weekly, wages have risen by

120 percent in the last eight years.

A Western economist in Beijing es-

timated that wages climbed 20 per-

cent in urban areas last year and

are up as much as 17 percent this

controls. They see the controls as a

who are see the evil effects of capi-

Still, a growing number of youn-

ger Communist Party members committed to reform are distressed

by the price controls that the gov-

Western economists, that the con-

All reformers, from Mr. Deng on

down, agree that economic growth

is not possible in the long term

without deregulation of prices

Xiao Zhuoji, an economics pro-fessor at Beijing University, said that although China's inflation rate

was too high, it was a natural consequence of reshaping the econo-

The increase in prices is inevita-ble," he said, "because of the un-

throughout the economy.

nomic adjustments.

edition of Liaowang, or "Outlook,"

say, they're skeptical of this."

make the decisions.

CHINA: Inflation Is an Ugly Word (Continued from first finance page) reasonable pricing in the past. It is purists, who are still a strong force, normal and it promotes product whether West Germany and Japan the alarming inflation rate is a sure

exert some influence over policy, ballooning inflation provides thetorical ammunition for attacking higher prices.

For some of the more rigid Marxists within China's leadership For just this reason, the government appears to be having some ing behavior over the past three trouble enforcing its price controls. weeks and the ineffectiveness of if it is a choice between paying their current leaders, one senior Committee but are still expected to

more or having nothing to buy at European diplomat said, the anall consumers, shopkeepers and swer must be no. market managers all seem to prefer. Mr. Schmidt insists that both

emerge from its predicament.

A "multipolar" system is now evolving in which West Germany dictionary, hegemony is "prepon-derant influence or authority, espe-cially of one nation over others".

decision-making in today's much faster world, he argues.

That is not just true of the Unitand Japan will have more infinence, said Dominique Moisi, associate director of the French Insti

> tem to run, and there are as yet no rules of the game. The fundamental question is tion. In the past, prices were stable, but people couldn't find what they needed."
>
> are ready for the enormous politi-cal and psychological leap such a new role would require. cal and psychological leap such a new role would require.

tute for International Relations.

But it is a much more difficult sys-

ed for political decisions.

world role that it did at its peak.

keep all the chips and call all the shots," said Robert Hunter, Direc-

tor of European Studies at Wash-

the United States must hand over

some "real responsibility for eco-

nomic management" to Japan and

West Germany if the West is to

omic discipline."

"The United States still wants to

Judging from their unforthcom-

countries are still totally disquali

fied from world leadership because of their status as perpetrators, and losers, of World War II.

Enrope could produce a leader if the European Community were a single economic and political entity, but that has not happened, Mr.

Schmidt says. Many believe that the annual summit meetings, attended by the leaders of the United States, Japan. His main point, however, is that with only half the share of the West Germany, France, Britain, Italy and Canada, could provide the world economy it commanded in 1945, the United States cannot exframework for the new multipolar pect to play the same unchallenged

leadership. But the summits do not have a record of decisive action. Each leader tends to bring the concerns of his constituents to the table, not those of the wider world, and spend far too much time posing for the

ington's Center for Strategic and International Studies. "But it is not elevision cameras. prepared to pay the tab, which is to Finance ministers and central accept domestic political pain and bankers may be able to patch up a solution that will get the West through the coming months. But they cannot fill the vacuum at the He and other experts agree that

There is some hope that lessons will be learned. If political forces do not convince West Germany and Japan that they have to take over some of the burden from the United States, the market will, says

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### **BONDS:** Prices Buoyed by Sea of Official Liquidity

France hiked money-market rates. The move, announced simultaneously with a cut in West German rates, was aimed at taking pressure off the franc in the European Mon-

The rate hike left the French banks sitting on a 3 percent loss on their bonds.

However, the rate increase was only a temporary move aimed at discouraging speculation against the franc. Anemic economic growth in France does not justify higher rates and the increase is expected to be rolled back as soon as the Group of Seven can meet.

In the Eurodollar bond market, Austria issued \$250 million of three-year notes, which met strong demand. The paper, bearing a cou pon of 8½ percent and priced at 100%, was offered to yield 75 basis points, or ¼ percentage point, more than comparably dated U.S. government paper.

A month ago, Austria would have been able to issue paper at a spread of 40 basis points. However, the demand was so great that within hours the Austrian paper was trading at a spread of 50 basis

coints. Dealers said institutional clients who had lost money in the stock market were moving massively back into bonds. And the higher yields available on Eurodollar paper was attracting investors away

from the U.S. bond market Credit Suisse First Boston reforted that yields on five-year Eurodollar bonds last week were 56 basis points over Treasury paper, down from 71 basis points a week

In the Deutsche mark sector, Deutsche Bank Finance NV issued sold 300 million DM of seven-year paper bearing a coupon of 64 per-

DM paper was exceptionally

The European Commission used

(Continued from first finance page) 500 million DM of five-year notes the interest in strong nondollar cur-france hiked money-market rates. 500 million Europepercent, equal to what five-year an currency units, with an addition government paper was yielding to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units, with an addition to an existing issue, and met moderate of the currency units.

Dealers said foreign demand for

Euroyen floating-rate notes issued by Italy's electric utility ENEL, Tokyo Electric Power Co. and Cregem Finance were popular with Japanese investors since floating-rate paper is not available in

### Fed Was Tightening Policy Before Stock Market Drop

WASHINGTON - The Federal Reserve Board was tightening U.S. credit conditions in the weeks before last month's stock market dive, according to minutes of a meeting of the Fed's policy-making

That move to tighten credit, initially signaled on Sept. 4 by a half-point increase in the Fed's discount rate to 6 percent, has been cited by analysts as a contributing factor to the record 508-point drop in the Dow Jones industrial average on Oct. 19. The Federal Open Market Committee voted unanimously on Sept 22 to place slightly tighter controls on money growth because of

concerns about inflation, according to minutes released on Friday.

Specifically, Fed officials voted to maintain "the slightly firmer degree of reserve pressure that had been sought in recent weeks."

The minutes also revealed that officials of the central bank, concerned about the economic shock of the stock market plunge, held

daily telephone meetings from Oct. 19 through Oct. 30.

The Fed said its policy makers agreed "on the need for special flexibility in open market operations" during this period. While the minutes do not explain what "special flexibility" meant, the Fed has moved aggressively since Oct. 19 to ensure that the banking system had sufficient lunds to weather the stock market

crisis. As a result of its efforts to add liquidity, money-market interest

rates have fallen sharply. The FOMC, which includes Fed board members and presidents of regional Federal Reserve banks, met again on Tuesday. The minutes of that meeting will not be released until late December. But private economists believe that the Fed decided to continue driving interest rates lower to keep the economy from toppling into a recession.

## **BIS Talks Expected** To Center on Dollar

central bank officials from the portant Lombard rate last week leading industrial countries began and left its benchmark discount talks at the Bank for International rate unchanged, despite U.S. calls Settlements on Sunday expected to for a cut. center on the collapse in the value

intervention on the foreign ex-change markets and attempts to small and intended to smooth the "talk up" the dollar, the U.S. currency has lost about 6 percent of its value since they held their last routine meeting of the BIS - the clearing house for major central banks

on Sept. 7. Even this week's coordinated cuts in European interest rates and the buying of dollars by central banks did little to stem the currenmains weighted down by doubts through coordinated economic polport the currency and worries over

the U.S. budget deficit. "If all central banks and political leaders could agree on the means to halt the dollar and stick to that, it lar's fall in a concerted effort," a recent drop in banks' share prices spokesman for the Dutch central

bank said. Analysts said such agreement seemed virtually unattainable, particulary after the U.S. Treasury Secretary, James A. Baker 3d, was quoted in the Wall Street Journal on Thursday as saying that, given a choice between recession in the United States and lower interest rates that could provoke a dollar slide, Washington would choose

lower rates. There were also doubts over how far Europeans will sacrifice their own monetary policy goals to prop

Reusers up the dollar. The West German BASEL, Switzerland — Senior Bundesbank cut its relatively unim-

Hans Meyer, the No. 3 policy maker at the Swiss National Bank, Despite repeated central bank said in a radio interview this week small and intended to smooth the dollar's slide.

"The regular monthly governors" meeting is anyway not an arena to decide something," said a senior Rank of Japan source, virtually ruling out any new pact to supplement or replace February's Louvre accord. That agreement, endorsed by the seven leading industrial democcy's fall. The dollar, they said, re-racies, seeks to stabilize currencies

The BIS meets nearly every month, and the major topic for this routine meeting is tighter rules on minimum capital requirements for banks. The debate is likely to gain should be possible to stop the dol- new urgency in the light of the and the increased financing needs of many commercial bank custom

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ET DE PAYS-BAS B.V.)

Avda Paima de Mallorca 43, Terremolinos, Malaga, Spain.

Telephone 34-52-389689 - Telex 79423.

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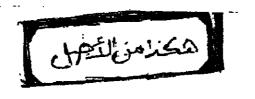
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51 Two foursomes 52 Pierce 53 Bombeck 54 Argon's kin 56 Pot for Pedro 57 Ananias 61 Pierre's soul

C New York Times, edited by Eugene Maleska.



"THIS IS MY NUMBER ONE TEDDY BEAR AND THAT'S MY SPARE BEAR."

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee Unscramble these four Jumbles one letter to each square, to forn four ordinary words. GALLE යි බ DENEY HE'S SURE TO LET UNCOOP YOU KNOW THAT HE'S THE ONE WHO WEARS THE PANTS IN THE FAMILY---WORMAR

Answer: OOOO THE OOOO E WEARY POKED CARNAL BEHALF What some young American tourists might call the money they use in Paris— FRENCH "BREAD"

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**World Stock Markets** 

Via Agence France Presse Closing prices in local currencies, Dec. 8.

Amer A Enso-Guizett Finnish Sugar K.O.P. Kymene Nokia Pahjola Wartsija

Current Stock Index : 359.22 Previous : 359.21

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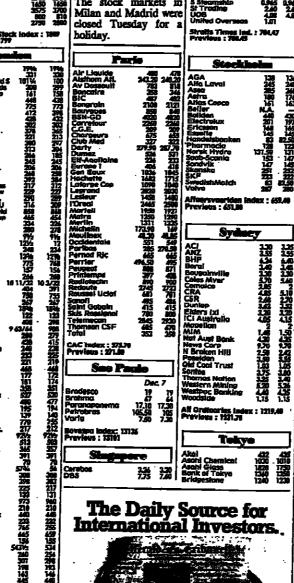








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**BOOKS** 

THE SHIFTING POINT

By Peter Brook. Illustrated. 254 pages. \$22.50. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N. Y. 10022.

Reviewed by Mel Gussow

I N the preface to his new book, Peter Brook announces that he has never believed in "a single truth" but has always sought a point of view with which one has "passionate, and absolute, identification." The fact is that Brook is neither didactic nor dogmatic, but "stereoscopic" in his receptivity to experience and to theatrical possibilities. That flexibility is not always readily apparent to viewers of his individual works; so many of them seem to make definitive statements. In his career - a career that in its virtuosity is unmatched by that of any other contemporary director - he has leaped from landmark to landmark, with work as varied as "Marat-Sade" and "A Midsummer Night's Dream

Brook's "shifting" is actually a searching. Just as he has not allowed himself to be locked into predictability — he has resisted career opportunities with a consistency bordering on defiance — he has not been trapped by his own past. His Paris-based theater emp search; process remains more important than result. This is one reason it is so fascinating to read about Brook's journeys. The articulation he demonstrates as a director exists equally in his writings and in his conversation, which are often synonymous.

In contrast to his previous book, "The Empty Space," which derived from a series of iversity lectures, "The Shifting Point" has an informal, collective provenance. It is an anthology of articles, prefaces and edited excerpts from interviews drawn from a period of 41 years. However, what the book lacks in structure it more than compensates for in content — and it whets one's appetite for a real Brook memoir.

A skillful writer, he is revealing about the

genesis of his own art and also about the art of others. The firsthand impressions of Gordon Craig, John Gielgud and Jan Kott are the perceptions of a man with the keenest eye for relevant detail. The tale of the laborious effort that went into the film of "The Lord of the Flies" is vintage Hollywood reportage. The story opens, flavorfully, with Sam Spiegel holding a beachfront conference about the novel he has just purchased (and which he

Solution to Previous Puzzle

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subsequently sold). To Brook's dismay, producer asked him, "What are we going to

call the film?" In such a fashion, the author offers pithy anecdotes that act to lighten the philosophical load (but not the portent) of his book. At the same time, one must note that he can reach for a metaphor, especially one of a culinary variety (theater as "the stomach," the world as "a can opener"). Those infelicitous phrases aside, Brook's book documents his open road to rediscoveries.

Along with "The Empty Space," "The Shift-ing Point" earns its place in the library of invaluable theatrical volumes.

Mel Gussow is on the staff of The New York

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bo
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essecutive.

THE TOMMYKNOCKERS, by Siepher PARSON TORON TOR SARUM, by Edward Rutherfurd
BLUEBEARD, by Kurt Vonnegat
LEGACY, by James A. Michener
A MAN RIDES THROUGH, by Stephen R. Donaldson

2061: Odyssey Three, by Arthur C. Clarke
RUBBER LEGS AND WHITE TAILHAIRS, by Patrick F. McManus
HOT FLASHES, by Barbara Raskin

NONFICTION . ገ. ነ ሌ 7\_13 by Erma Bombeck
SPYCATCHER, by Peter Wright with Paul THE GREAT DEPRESSION OF 1990, by

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THE GREAT DEPRESSION OF 1990, by
Ravi Batra
VEIL, by Bob Woodward
LOVE, MEDICINE & MIRACLES, by
Bernie S. Siegel
MAN OF THE HOUSE: The Life and
Political Memoirs of Speaker Tip O'Neill,
with William Novak
THRIVING ON CHAOS, by Tom Peters
SEVEN STORIES OF CHRISTMAS
LOVE, by Leo Bascaglia
THE DISCOVERY OF THE TITAMIC,
by Robert D. Bellard with Rick Archbold
A DAY IN THE LIFE OF THE SOVIET
UNION, (Collins Publishers)
AND THE BAND PLAYED ON, by Randy Shilts A DAY IN THE LIFE OF AMERICA.

ADVICE, HOW-TO AND MISCELLANEOUS THE A-WEEK CHOLESTEROL CURE, by Robert E. Kowalds.
THE FRUGAL GOURMET COOKS AMERICAN, by Jeff Smith SUPER MARITAL SEX, by Paul Pearsall WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY (Merriam-Webster's webster's New World Dictionary, (Simon & Schuster)

**BRIDGE** 

By Alan Truscott

Bloomington, Indiana and Marinesa Letizia of Columbus, ohio, were ahead of their nearest challengers by the slender it was possible, and important margin of four match points. at match points, to make all the Almost 4,200 players competed here and all of them played the same deals, in common with 18,000 others around North America who competed in the continentwide Charity Game. This year the primary beneficiary is the Arthritis Foundation, which was presented with a check for who played for heart ruffs im-

Zarich

7776 | 1400 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 1740 | 17

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\$150,000. The 5,500-odd play- mediately, preserving the ace in MIXED pair from the ers who held the South hand the closed hand, eventually A MIXED pair from the ers who held the South hand the closed hand, eventually found that the spade finesse the midpoint of the prestigious the question of the opening bid. Bine Ribbon Pair Champion-Some bid one club and planned to give his parmed a fearth-round heart ruff. ship at the American Contact to bid hearts twice, giving a Bridge League's Fall Nationals. After the first semifinal Others preferred to indicate session, Dennis Clerkin of great power at once with an Bloomington, Indiana and artificial two-cub bid. Since the



To Our Readers

TSE **300 lo**dex:

Montreal stock prices were not available Monday due to technical problems at the Associated Press in New York. We regret any inconvenience to readers.

Noon Pray. Člose 1,006.60 2,982,60

Chevron Raises Stake In Japanese Venture

SAN FRANCISCO - Chevron Corp. has raised its stake in Karlonite Chemical Co. to 82 percent from
45 percent by buying most of the
equity belonging to Japan's Kao
Corp. Karouite is a Japanese maker
of inbricating oil additives.

Chevron said Monday that as other partner in Karonite, Nomira Jimnsho Inc., raised its stake to 18 percent in the transaction. Terms were not disclosed. Kao owned 45 percent of Karonite.

Jey100150

**对法律的证据的证据** 

### **SPORTS**

# Oklahoma Wins, 29-10, **B**ut Loses 2 Key Players

Compiled by Our Staff From Disputches

Jones gained a career-high 240 yards

NORMAN, Oklahoma — Topon 15 carries and scored two touch-Finked Oklahoma found a way to downs as Nebraska improved to 9-0 best No. 12 Oklahoma State on overall and 5-0 in the Rig Hight. The Saturday, but now must find a way
to stay No. 1 without quarterback ference opponents by 229-15.

Florida State 34, Anhara 6: In

alloheway and Carr went out with thee injuries during the Sooners' 29-

U.S. COLLEGE FOOTBALL 16 victory over the Cowboys; both will miss the rest of the season. "We lost two great players," said Coach Barry Switzer. "Jamelle Ho-

lieway will be operated on, and Lydell Carr has figament damage and will be in a cast for the rest of Holieway is Oklahoma's leading her this season with 919 yards,

and Carr is second with 673. Substitute fullback Rotnei Anderson, a junior, entered the game Saturday in the first series after Carr was injured. Anderson carried the ball 30 times for 191 yards. Before he was injured, Hoheway added 123 yards, as the Sooners

Hobeway, a junior, injured his left knee on a run in the fourth

The costly victory raised Switzer's career record to 146-25-4, putting him ahead of Bud Wilkinson as the winningest coach in the school's history.

The Sooners are 9-0 overall and 5-0 in the Big Eight Conference. Oklahoma State dropped to 7-2 and 3-2, with its other loss coming against No. 2 Nebraska.

Oklahoma will play at home next week against Missouri and finish the season Nov. 21 at Nebraska, a game that figures to decide the top team in the country heading into bowl season. The winner will play m the Orange Bowl. Switzer said Holieway would be tory would send the Spartans, 5-0-1

laced by Charles Thompson, a eshman who has played extensively this season in the backup role. Anderson will replace Carr. Lincoln, Nebraska, I-back Keith

Auburn, Alabama, Danny McManus threw three touchdown passes and Derek Schmidt kicked two field goals and four extra points to become the leading scorer in National Collegiate Athletic Association history with 370 points as Florida State took advantage of five first-half turnovers.

UCLA 52, Oregon State 17: In Corvallis, Oregon, Troy Alkman threw for two touchdowns and Eric Ball, replacing the injured Gaston Green, ran for three more scores. boosting seventh-ranked UCLA to 8-1 overall and 5-0 in the Pacific 10 Conference.

olis, Maryland, senior quarterback Don McPherson completed 11 of 20 passes for 197 yards and touchdowns to wide receivers Deval Glover and Tommy Kane as bowlbound Syracuse improved to 9-0. Cleason 13, North Carolina 10:

In Chapel Hill, North Carolina, David Treadwell kicked a 30-yard field goal with 32 seconds to play, giving the Tigers, 5-1 in the Atlantic Coast Conference and 8-1 overall, a shot at winning the league championship next week against Maryland. Georgia 23, Florida 10: In Jack-

sonville, Florida, freshman Rodney Hampton gained 103 yards, Lars Tate scored on two one-yard runs and Georgia held tailback Emmitt Smith to 46 yards in 13 carries. Michigan State 45, Purdue 3: In East Lansing, Michigan, Blake Ezor rushed for 151 yards and Lor-

enzo White ran for 144 to set up Michigan State for a showdown next week against Indiana. A vicin Big Ten play, to the Rose Bowl for the first time since 1966. Arkansas 10, Baylor 7; In Fayetteville, Arkansas, James Rouse

scored on a one-yard run with 47

ies 20 (Blackman, Alford 5).

Denver 48 29 41 29—136 English 10-17 2-3 22, Cooper 6-7 5-5 17, Smith

3 22, Drexier 8-12 6-8 22; Davis 8-18 7-8 21, Ed-

words 9-13 3-3 28. Rebounds: Phoenix 46 (Gilliam 9), Pertiand 42 (S.-Ioinson 7). Assists: Phoenix 39 (Dovis 8), Pertiand 30 (Porter 10), Seattle
LA. Leiters 98 27 28 38-113
E. Johnson 8-18 10-11 26, Green 5-9 11-14 21; Chambers 10-22 8-1 29. McDoniel 7-16 4-4 19, Rebounds: Seattle 49 (McDoniel 7-16, Los Angeles 24 (Green 12), Los Angeles 21 (E. Johnson 8).

Cleveland 27 24 21 33—18: Affantu 26 25 27 35—11: Rivers 8-12 7-7 23, Wilkins 5-19 9-12 19:

Rebounds: Cleveland 51 (Corbin 10). Atlanta 57 (Willis 11). Assists: Cleveland 21 (Price 6).

Sas's mopes for a Cotton Bowl bid.

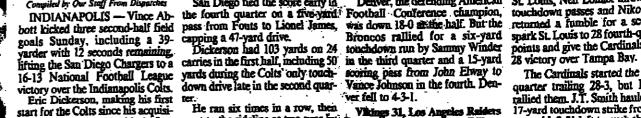
Odis Lloyd intercepted a pass on the final play to seal the victory.

Alabama 22, Louisiana State 10: maining as Dartmouth extended In Baton Rouge, Louisiana, Bobby Humphrey rushed for 177 yards on 35 carries and warned on a 10 ward back save a balf-word mids on 25 carries and warned on a 10 ward back save a balf-word mids on 25

hand LSU its first loss of the year. onds left.

Oklahoma quarterback Jamelle Holieway, assisted by a coach, an official and teammate Pat Collins after injuring his knee. sas's hopes for a Cotton Bowl bid. Dartmouth 12, Columbia 10: In

35 carries and scored on a 10-yard bach was a half-yard wide on a 35-fourth-period run to help Alabama yard field goal attempt with 24 sec-



NFL ROUNDUP

138 yards. But his fumble into the Chargers' end zone with four minutes to go led to the winning drive

Starting at their 20-yard line after the turnover, the Chargers drove 59 yards in 11 plays, includ-ing passes by Dan Fouts of 11 yards to Kellen Winslow, 18 yards to Wes Chandler and 11 yards to rookie Rod Bernstine. Three straight runs by Curtis Adams took goal, a 27-yarder. San Diego to the Indianapolis 21, and Abbott kicked the winning field goal on fourth down.

It was the fifth time in its last six victories that San Diego, now 7-1 and atop the American Football Conference West, rallied to win in the fourth quarter or overtime.

The Coits dropped to 4-4. Dickerson, whose first-half running set up two field goals by Dean. Biasucci and an eight-yard touch-down run by Albert Bentley, brought the Colts to the San Diego eight-yard line late in the fourth quarter. But Dickerson fumbled just short of the goal line on the next play and the Chargers' Mike Humiston recovered in the end

Fouts' passing brought the Chargers to the Colts' 25 on their first possession of the second half, and Abbott kicked a fourth-down, 42yard field goal for San Diego's first

oints.
The Chargers got the ball back idway through the period at the Young Sailor: 'Only One First Time' midway through the period at the Indianapolis 40 after a fake punt on fourth down left the Colts inches short of a first down. It took six plays to reach the 19, and Abbott kicked his second field goal, from the 37-vard line.

Chargers Rally to Down Colts, 16-13

He ran six times in a row, then Bentley and a 10-yard pass recep-tion by Bill Brooks took Indianapolis to the Chargers' 30.

Dickerson returned and ran twice to the 14, and another sixyard pass to Brooks set up Bent-ley's scoring run, his third of the

Eugene Daniel returned an intercepted pass off Fouts 34 yards to the Chargers' 15 early in the second quarter, but three runs by Dickerson produced only five yards and Biasucci kicked his second field Fouts was intercepted twice

more before halftime, and the Chargers managed only four first downs and 101 yards in the first two periods. Two first downs and 36 of the 101 yards came on their final possession in the closing seconds of the half, and Mike Prior's interception at the Indianapolis 10 as the period ended left the Cohs with a 13-0 lead.

Bills 21, Broncos 14: In Orchard Park, New York, Robb Riddick ran for a touchdown and blocked a Denver punt to set up one of two three third-quarter touchdowns as Buffalo safeties as Buffalo beat the Browns defeated Atlanta.

Bills out-rushed the Broncos 258 to 76-3 in its last two games. Cleve76 yards to improve their record to land, 5-3, has beaten the Falcons
4-4, equaling the number of victories Buffalo had all last season.

Cardinals 31, Baccaseers 28: In

Cardinals 31, Baccaseers 28: In

By Angus Phillips.

Washington Post Service NEW YORK — Two and a half

scoring pass from John Elway to Vance Johnson in the fourth. Denver fell to 4-3-1.

start for the Colts since his acquisi-tion in a trade Oct. 31 with the Los Angeles Rams, rushed 35 times for Bentley and a 10-yard pass record. In Minneapolis, Wade Wilson Came off the beach in the second half to pass for two touchdowns and run for another, leading Minnesota over the recing Raiders.

Minnesota quarterback Tommy Kramer, who was making his first appearance this season after recovexing from a pinched nerve in his neck, yielded to Wilson at the start of the second half. Kramer, who led the league in passing last year, was 5-for-16 for 54 yards:

king touchdowns. Rusty Hilger was picked off three times before being replaced in the third quarter by Marc Wilson. A fumble by Bo Jackson also led to a score for Minnesota now 4.4

Browns 38, Falcons 3: In Cleveland, Bernie Kosar threw his longest pass of the season, a 54-yard touchdown to Webster Slaughter, to snap the Browns out of a first-half full and Earnest Byner scored

A steady 25-mph wind forced its games since the end of the play- pass to Gary Clark in the end zone both teams to the ground and the ers' strike and has been out-scored

Compiled by Our Staff From Dispatches

San Diego tied the score early in Denver, the defending American
INDIANAPOLIS — Vince Abthe fourth quarter on a five-yard. Football Conference champion,
bott kicked three second-half field
pass from Fouts to Lionel James, was down 18-0 at the half. But the
returned a fumble for a score to Broncos rallied for a six-yard spark St. Louis to 28 fourth-quarter points and give the Cardinals a 31-

The Cardinals started the fourth quarter trailing 28-3, but Lomax rallied them J.T. Smith hauled in a 17-yard touchdown strike from Lomax with 2:01 left to push the Cardinals ahead 31-28. Lomax drove the Cardinals 80 yards in eight plays to the winning drive.

Steelers 17, Chiefs 16: In Kansas City, Missouri, Gary Anderson, 90 seconds after missing a 41-yard field goal, drilled a 45-yarder to give Pittsburgh a 17-16 victory over Kansas City and hand the Chiefs, 1-7, their seventh consecutive loss. tying a club record.

for-16 for 54 yards: Farles 31, Redskins 27: In Phila-The Raiders, 3-5, who have lost delphia, Randall Cunningham's five straight games for the first time third touchdown of the game, a 40-since 1964, had four passes inter-yard completion in the end zone to cepted, three leading directly to Vi-Gregg Garrity with 1:06 remaining. yard completion in the end zone to Gregg Garrity with 1:06 remaining, rallied Philadelphia over Washington for probably the Eagles' most important win since the Super Bowl season of 1980.

The Eagles, who evened their record at 44, snapped a five-game Redskins winning streak with a sixplay, 77-yard drive in which Cungham completed four passes for

The Eagles rallied for their third straight victory after Washington edged ahead, 27-24, on a five-play, he Browns defeated Atlanta. 75-yard drive, capped by Jay
Atlanta, 2-6, has lost all three of Schroeder's 47-yard touchdown with 2:29 remaining. Cunningham

### seconds left to keep alive Arkan-SCOREBOARD

### National Basketball Association Standings

EASTERN CON			CE	
Atlantic Div	ولكا			
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·Boston	2		1.000	_
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New York	0	2	.000	2
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22 29 24 27—114 New Jersey
Horner 10-185-1426, Curry 9-16-2-20; B. Williams 10-18-3-62, Gminski 7-13-8-11 22-Rebounds; Clevaland 54 (Hubbard, West 17),
New Jersey 45 (B.Williams 16), Assists;
Cleveland 27 (Horner, Price 7), New Jersey 22
Distribution 41

14 25 24- 55 Politoialphie 29 22 22 23 388 Borkley 19-13 8-9 29, Minson B-16 3-5 19; Per-son 9-16 3-4 21, Tiscales 8-20 6-9 16, Rebounds: Indiana 46 (Williams 12), Philodelphia 49 (Minson 12), Assists: Indiana 26 (Person 7), ... 19 24 23 24— 97

### Tennis

### Men's Tournaments

Quarterificals

Quarterificals

Henri Luconia, Franca, del. Pat Cosh (2).

Austrolia, 6-4, 3-7 (9-11), 6-3; Tim Mayothe (5),

U.S...del, Annas Manadorf, Isroel, 6-4-6-2; Brad
Gilbert (7), U.S...del, Eavin Curren, V.S., 7-6-64; Allchald Sciaceurs, Netherlands, del. Yonistick Nooh (3), Franca (destuals).

Semificals

(At Steckheim) Quarterflants
Jones B. Sventson (7), Sweden, def. Jim
Grobb, U.S.-6-1,6-3; Maseus Gustafsson, Sweden, def. Matt Anser, U.S.-6-2, 6-4; Stefan
Edberg (1), Sweden, def. Peter Lumigren (5),
Sweden, 6-1,7-6 (7-4); Anders Jorryd (5), Sweden, def. Martin Laurendenu, Canada, 6-2,6-4.
Semittents

Semillaris
Edberg del. Jerryd. 6-4. 6-2.
Svensson del. Gustafsson. 6-3. 6-4.
Filipal Edberg del, Svensson, 7-5, 6-2, 6-4

### Women's Tournaments (At Wercester, Massachusetts)

Chris Evert (1), U.S., del. Barbara Potter (7), U.S., 1-4, -1, -3; Pari Shriver (2), U.S., del. Bettina Bunge (4), Manaca, 6-4, 6-4; Gabrielo Sabotini (3), Argentina, del. Lori McNell (5), ma Sukova (4), Czechos Semificals Shriver Gel. Sukova. 7-5. 6-3. Evert det. Potter. 1-6. 6-1. 6-2.

(Al Horth Little Rock, Arkansas) Quarterfinals
15' Halging Zvereva (3), Saviel Union, del. Bar-Lara Certen, U.S. 68, 63; Larna Savchenka

Laris Certen, U.S. and Monon Bollears, re-iry, so nel Union del Monon Bollears, re-arismet., 4 L. 6 1, Sondra Cecchini (1), Ilais, arismet., 4 L. 6 1, Sondra Cecchini (1), ij ', del 'usan 'llorne, U 's 67, 62. Semifinalis Semifically I through det in it inners, 42.4 ( The time det inners, 42.4 (

### **Basketball**



New York 27 17 24 25—75
New York 27 17 25 25—75
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New York 27 27 27 27 25
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### Football

### Selected U.S. College Results

Atlanto 24 (Rivers 9). Seston 27 32 34 24 72 9—149 Washington 23 38 31 27 72 8—139 Weshington 23 38 31 27 12 8—199
Bird 19-29 8-10 47, Ainge 19-186 48-25; M. Monon 19-24 18-11 32, J. Andelone 19-21 7-7 72. Rehaunds: Boston 54 (Porish 13). Weshington 55 (M. Matione 12). Assists: Boston 44 (Jahnson 17), Weshington 26 (Bosues 7).
Delias 22 22 28 28—184
Son Antenio 33 23 24—195
Robertson 13-17 4-6 30, Brickowski, B-13 1-1
77; Aguirre 12-22 5-7 29, Perkins 48 5-6 13, Traville 41, Sene 0 Constitution 31, Sen Anhenio 45 (Brickowski, Neoly 7). Assists: Delios 24 (Horper 61, Son Antenio 42 (Robertson 12).
Philodelphile 31 26 22 25—94
Chicago 27 (Costen 31, Senior 61, Senior 61, Senior 61, Senior 61, Senior 62, Senior 61, Senior 62, Senior 61, Senior 61, Senior 62, Senior 61, Senior 62, Senior 61, Senior 61, Senior 62, Senior 61, tey 7), Chicogo 25 (Paxson 7). Detroit 24 21 31 33—195

Sikma 9-19 8-8 26. Pressey 5-14 14-16 25; Dani-ley 5-14 10-10 20, Dumars 5-9 10-12 20, Rodman 7-Jery S-14 10-10 20, Dumorra S-7 10-12 20, Rodmon 7-11 2-4 16. Rebessets: Detroit 57 (Rodmon 8), Allivoukse 61 (Silton 18), Assists: Detroit 19 (Dumorra 6), Allivoukse 27 (Presser, Lucca 8), Secramente 19 20 22 23 4—121 Molene 7-14-6-22, Stockton 7-12 1-119; Theus 16-21 8-12 28, K. Smith 5-10 6-6 18. Rebessets: Secramento 54 (Pinckney 9), Utah 45 (Maione 10), Assists: Socramente 19 (K. Smith 7), Utah 27 (Green 6). Alghoma 22, LSU 10 Clemson 13. North Carolina 16 E. Kentucky 44. Tennessee Tech 8 E. Tennessee St. 29, N. Carolina 51, 14 East Carolina 31, Tennele 26 Fiorida St. 34, Auburn 6 Furmon 35, VMI 0 Georgia 23, Florida 10 Miomi (Fig.) 54, Miomi Penn St. 21, Moryland 16

24 24 23 31--124 Portland 24 24 33 31-124 L.A. Clippers 26 18 25 - 97 Vondewayshe 13-21 5-632, 5. Johnson 10-18-62 24; Williams 11-21 3-4 25, Woodson 6-13 5-6 18. Rebounds: Portland 67 (Co. Jones, Duckworth Yenn, Chattenoosa 13. W. Carolina 13 Tulone 30. Mississippi St. 19 Vanderbill 36, Kentucky 29 11), L.A. Clippers 55 (Cureton 11). Assists: rland 34 (Porter 13), L.A. Clippers 27 (Cur-22 20 31 23- N Ellis 10-17 7-10 27, McDaniel 8-18 1-2 17; Davis 8-14 4-4 20, Adems 6-13 3-5 15. Rebounds: Phoenix 53 (Adems, Cock 7), Seattle 75 (Ellis 11), Assists: Phoenix 25 (Adems, Hornacek 5),

). 24 31 25 25—101 25 25 26 26 — 97

English 10-19 7-8-27, Lever 5-16-6-9 16; Floyd 10-24 12-14 32, Corroll 6-14 8-10-20, Rebounds: Lienvor 56 (Lever 10), Golden State 57 (Cor-roll, Mullin 11) Assists; Denver 18 (Lever 7),

MIDWEST Bowling Green 30, Kent St. 20 Bowling Green 34, Kent St. 20 Butler 29, Valparaiso 22 Cent, Michigan 31, Onio U. 17 Daylon 28, Drake 6 DePayw 47, Case Western 27 E. Michigan 38, Toledo 9

lowa 52, Northwestern 24 Konsos St. 17, Konsos 17, lie Michigan 30, Minnesola 20 Michigan St. 45, Purdue 3 Alichigan St. 4s. Purdue 3 N. Illinois 29, W. Illinois 14 Nebrasta 42, loses St. 3 North Dekote 30, South Dekote 29 North Dekote 30, Seath Col. 25 W. Alichigan 31, Ball St. 16 Wisconsin 2k. Onio 51, 24 Wooster 14, Oberlin 2 Youngstown St. 20, Murray St, 13

SOUTHWEST Arkonses 10, Seyler 7 Arkonses St. 27, N., Texes St. 20 Texas Tech 36. Texas Christian 35 W. Texas St. 33. NW Missouri St. 21

FAR WEST Air Force 27, Army 10 Air Force 27, Army 16
Arizona 21, Washington 21, fle
Arizona 51, 37, Oregon 13
Baise St. 16, Newada-Rena 31
Brisham Young 31, Son Diesa
Colorada 27, Missauri 18
Idaha 14, Montana St. 7
Montana 63, Idaha St. 0
New Lax Veens 30, Lana Beach Montions 63, Idane St. 9
Nov.Las Vegos 30, Long Beach St. 17
Southern Cal 39, Stanford 24
Texas-Ei Pags 30, Urah 24
UCLA 52, Oregon St. 17
Utah 31, 25, New Maxico St. 6
Wyoming 59, New Mexico 16

# **CFL Standings**

x-Brit Clmb x-Edmonton x-Culvary

(15), Gillis (2); Perroro (2), Francis (6), Tur-geon (5). Shots an seal: Quebec (on Weeks) 5-9-6-20; Heriford (on Brunette) 6-13-6-25. Gretzky 2 (13), McClelland 2 (5), Krushei-nyski (4), Shots an goal: Buffalo (on Fuhr) 12-19---26; Edmonton (on Borrosso) 7-15-12-14.

### European Soccer

SPANISH FIRST DIVISION Real Magrid & Atletica Borcelona 2 Cella 0 Gilon 2 Athletic Bilbon Murclo 2 Lagranes 3 Betts 3. Cadis 2 Volladolid & Sabadell 8 Real Sociedad 1. Majarc Osciuna 0, Español 0 Zarogoza 2. Valencia 2 Los Poligras 1, Seville 2 Paists: Real Magrid 177. Real Sociedad Cello. Osc

id, Sevilla 10; Barcalona, Españal 9;

### **Hockey**

### NHL Standings WALES CONFERENCE

rg.	TICK I	ATT I					
	w	L	T	Pts	GF	GA	•
NY Islanders	7	4	T	19	67	42	
New Jersey	9	4	0	15	51	49	
Weshington	7	6	1	15	47	43	
Pittsburgh	5	7	3	13	55	57	
NY Rungers	4	9	3	- 11	63	71	
Philiodelphia	4	7	2	16	39	57	
Ād	ems C	ivis	ion				
Montreal	7	4	3	21	66	52	
Quebec .		5	1	17	54	47	
Buffola	•	5	3	15	50	54	
Boston	6	6	Z	14	53	22	
Hartford	5	7	2	12	42	51	
CAMPBE				ENC			
· No	rk D	iviz,	96				
	w	L	T	Pts	ĢF		
Toronto	•	5	8	16	43	æ	
Detroit	•	6	2	14	45	47	
Minnesoto	5	•	3	13	47	50	
Chicago	5	7	2	12	55	43	
St. Lovis	4	8	1	9	12.	50,	
श् <sub>र</sub> मा	the D						
Edmonton	9	5	1	19	72	53	
Winnipeg	7	5	0	14	44	4	
Calgary	6	5	2	14	\$3	51	
Voncouver	4		1	9	46	ž	

FRIDAY'S RESULTS

Heritord

Detroit

1 8 6-1

Detroit

1 1 1-2

Yzarman (10), Ashton (4), Kocur (1); Dinsen (3), Shots se sest; Hariford (an Stefan) 8
7-14-39; Detroit (an Liut) 7-9-11-27,

Quebec

2 1 1-4

Wasshiespise

Duchesne (2), Goulet 2 (11), Lombert (2);

Ridley (5), Shets as seed; Quebec (an Asion-

Duchesne (2), Goulet 2 (11), Lombert (2); Rigley (5), Shets on goal: Quebec (on Molor-chuk) 5-14-5—24; Washington (on Gossetin) 4-

Wissipeg 4 8 2—6 Small 2 (4). Carivie (4). Neufeld (6), Seen (2), McBain (2); Presley (5). Larmer 2 (10). Shets on goot: Chloope (on Berthlaume) 4-10-12—26; Winnipes (on Pang) 73-72—42. SATURDAY'S RESULTS Pfitsburgh 6 1 8—1
Beston 1 2 1—4
Neely (10), Simonetti (1), Middleton 2 (5);
Conserwarth (7), Shefs an goot; Pfitsburgh
(an Keans) 2-7-8—17; Beston (an Riogin) 13-97—29.
Detroit

7-27.
Detroit 6 6 5 4-2
N.Y. Islanders 6 2 1 1-4
Louer (1), Wood (7), Krosses 2 (4); Xilina
(10), Ashion (5), Yatermon (11), Shoots as gool:
Detroit (on Smith, Hrudey) &13-15-2-36; New
York (on Henton) 9-14-62-33.
Weekhenton

York (on Hanjon) 7-14-9-2-53.

Weshington 8 1 8-1
New Jersey 9 2 2-4
Pa. Sundstram (5), Verbeek (12), Brown (3),
Johnson (11); Hoticher (1), Shels on goel;
Washington (on Souve) 8-10-3-21; New Jersey (on Pecters) 8-10-22. Howarth (6), A. Stostny (2), P. Sto

74—25; Hartford (on Brunetta) 6-13-6-25.
\$1. Louis
\$2. Louis
Toronto
2 1 6-3
Faderice (3), Whistie (1), McKesner (4),
Benning (1); Leeman (4), Courtnall (10), 5emento (2). Stats on yeal: St. Louis (on Bester) 9-13-6-26; Toronto (on Wamsley, Millen)

Smyl (3), Adoms (12), Tombellini (3), Benning (1); Beliaws (10), Shett en gasti Vancouver (an Baousre) 7-10-13—30; Minnesota (on McLeon) 7-11-12—30.

Momeso (1), Lamieux (3), Dohlin (5), Richer (8), McPhes (7); Prose 2 (5), Tocchet (4), Mellonby (3), Shels as soat: Philodelphia (an Harvard) 5-12-5-22; Montreal (an Harkall)

rlesbrouck) 13-9-11-33.

years ago, Ernst Achi sent his daughter, Tania, who was then 18,

Actorca, Gijon 8; Murcis 7; Logranes 6; Los ITALIAN FIRST DIVISION Availing 1, Sompdoring 2 Cesena 1, Florenting 6 Come 0 Nepell 0 Empeli 2, Rome 1 Inter Allian 2, Ascolt 2 Petcars 8, AC Milan 2 Pise 1, Juventus 2 Tostan J. Vesnas 1 Patent Seeders: Necelli

Points leaders: Napoli 14; Scrapdorio 12; AC Milan 11; Roma Juventus 10; Inter Milan Florentina, Inter Milan 9; Verena, Torino 5; Ascall, Pescara 7; Coma, Pisa, Cesena 5; Aveilino 3; Empoli -5. Aveilino 3; Empoli -5.
WEST GERMAN FIRST DIVISION
Woldho! Monnheim 1, Bochum 1
Borussio Dortmund 3, Stuttgort 2

Borussia Mäncht glodboch 1. Honove Nuremberg 4. Korlsruhe 0 Bayern Munich 3, Boyer Verdiagen 0 Werder Bremen 2, Cologne 1 .... Points: Werder Bremen 25; Bayern Me 19; Stuttport 18; Nuremberg Tá: Kortsruite

11: Bochum, Berussle Derimund, Homburs, Schalke 10.

ENGLISH FIRST DIVISION Chariten 2, Norwich 8

Lyten 4, Newcostle 8

Oxford 1, Coventry 0

Queens Pork 4, Watterd 0

West Hom 6, Sheffield Wednesday 1

Wimbleden 2, Southarmeton 0

Pelists: Liverpool, Arsenia 32; Queens Pork 32; Nottinoham Porett 77; Manchester United

30; Nottinghorn Forest 77; Manchesler United, Chelseo 25; Everton 22; Totlecham 21; Oxford 28; Wimbledon 19; Southampton 17; Derby County, Coventry 16; Luton, West Horn, She

Niert O, Auxerre O Toulouse & Liens

Pelets: Managa 27; Bordeaux 23; Maira Racine 21; Metz. Salri-Elle Mantpellier, Masselle, Auxerre, Ni

### Transition

BASE BALT LABOR

American League

BALT LIMORE—Acquired Joe Orsulek, outlielder, from Pilitsburght for Terry Crowley

Jr., shortstep, and Rice Rossy, third beaumon,
KANSAS CITY—Troded Donny Jocksort;
Pilcher, and Angel Solizor, shortstop, and Ted

Power, pilcher.

FOOTBALL

Consedies Petibell Labous

SASKATCHEWAH—Activated Billy Jockson, linebocker, and Scatt Reid, bockle. Placed

Tom Burgees, aucritarbock, on the Injured list
for the remainder of the secsion.

WINNIPEG—Activated Dorryl Someson,
defensive bock, Sened Bernie Thompson, defensive bock, Placed Bernie Thompson, defensive bock, Placed Remie Thompson, defensive bock, Placed Remie Thompson, defensive bock, Placed Remie Thompson, defensity bock, Placed Remie Thompson, defensity bock, Placed Remie Rogers.

DETROIT—Ploced Respie Rogers.

DETROIT—Ploced Respie Rogers. defansive end, on the reserve non-facetball Illness.

sive end, on the reserve non-football illness that Signed Earl Johnson and Chris Sheffield, defensive backs, Walved Derrick Romsey, defensive backs, Walved Derrick ranner, fight end.
(NDIANAPOLIS—Placed Cluck Banks, running back, on injured reserve, Activated Chris Goode, defensive back, from injured

tich center, and Tim Jordan, linebacker, from

SAN FRANCISCO- Re-signed Dorren Comeaux, linebacker, Placed Tom Coulseou, linebacker, on minor injured reserve.

DETROIT—Aringunced the retirement of Dove Lewis, defensement notined Lewis or essistant crech.

N.Y. RANGERS--Traded Jim Leavins, de-Ignsemen. In the Cobary Flames for Dan Marcler, comprehensemen. Sent Marcler to Colorado of the International League. Sent Mark Thorofi, defensemen, to Colorado; re-colled Dave Pichette, defensemen. from New Hoven of the American Hockey League; Sent

off on a trip around the world alone in a tiny sailboat because she would not do her homework. To the astonishment of many,

she made it, and on Friday New York welcomed home one of its writing as she went. Ten of her own as frazzle-haired, free-spirited articles have appeared in Cruising Tania and her world-weary sloop Varuna came wallowing in off a windswept sea to a heroine's welcome, including a windy missive from President Ronald Reagan.

at South Street Scaport, where she rudimentary navigation skills, tied up the maroon, 26-footer learning as she went. (7.92-meter), officially ending the "One day I said yes

iourney of a lifetime. Pacific Ocean, the Panama Camal, lapagos Islands. Until then, she the Mediterranean Sea and the went on "pure dumb luck," North Atlantic, surviving capsize, a bouts of depression and loneliness?

"I learned that I can do what I her achievement as such a big deal. set out to do," she said, smiling.
"But I'm still not sore I can quit

smoking. Tania Aebi's story is one for the books, even if the record books do not seem interested. She would have been the youngest person to sail around the world alone, eclipsing 21-year-old Robin Lee Graham's record by a matter of days, except for an oversight that ren-

dered her ineligible. In Samoa she gave a hitchhiker a strong winds to meet Aebi as she ride 80 miles (129 kilometers) be-was towed in the last few miles tween islands, and because she nev- from the Verrazzano Narrows er went back to cover the stretch Bridge. Varuna's small auxiliary alone, keepers of sailing records say engine had died again, as it had her 27,000-mile voyage does not often during the trip. classify as single-handed.

She doesn't care.

"It was like taking someone from conference on the dock.
here to Atlantic City," Achi said of
the lift between islands. "I didn't "Oh, all the time." think it would matter. The island was in sight. To me, a passage was weeks, months."

Aebi's father conceived the idea to send his daughter around the world alone when she proved a difficult student and refused to go to college after graduating from an alternative New York high school called City As School.

She was working as a bicycle messenger when he made his offer: Aebi, a surrealist painter, would buy the \$40,000 boat and lend it to her if she would support herself by World magazine.

Ernst Aebi, a sailing povice, had taken his three children across the Atlantic in a 38-foot boat the year before. So Tania, with only that Thousands convened to greet her experience, struck out without even

"One day I said yes, we ordered ourney of a lifetime. the boat, and then it was too late,"

And what did she learn from the she said. "I left knowing nothing." last 30 months, in which she rode She finally figured out celestial the Red Sea, the Indian Ocean, the navigation when she got to the Ga-

Despite the public acclaim. collision with a freighter and long which drew a dozen television crews Friday, she does not regard

"I keep wondering why all these people are here," she said. "I try to look at it from the perspective of a nonsailor - sailing off into the

sunset and all that. "But to me sailing is just a way of getting from one place to the next. It's nice sometimes and sometimes it's not."

Several hundred people bought tickets Friday aboard the 125-foot Andrew Fletcher, which bucked

With self-effacing honesty, Aebi fielded queries at a crowded press

"Did you pray?" she was asked. "Oh, all the time." "Tell us about your worst mo-

"Well, when you see water kneedeep in the cabin, you ask some questions." Regrets?

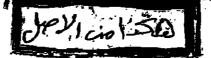
"It will never be the same as this

again," she said later. "There's only one first time."



Argentina Beats Australia in Rugby

A late surge by Argentina, in striped shirts, produced a 27-19 upset Saturday in Buenos Aires, with captain Hugo Porta supplying 23 points. After a previous draw, Australia's defeat meant the loss of the two-test rugby series. Meanwhile, Wales scored eight tries and racked up a 46-0 demolition of United States in Cardiff,



# A Marketing Man Sells Water to the Irish

International Herald Tribune

PARIS — Geoff D. Read is a 32-yearold marketing expert from Dublin who wears a blue blazer, carries an attaché case and is tired of Ireland's image as the land of shamrocks and leprechauns. But the lift of Irish laughter undoubtedly accompanies him all the way to the bank because he has opened a world market for one of County Limerick's chief products: rain.
It isn't that Geoff Read sells rain — that

would smack of the blarney he so dislikes - but that he markets the result of an annual rainfall of five million cubic meters

### MARY BLUME

that is trapped in a limestone aquifer of the lower Carboniferous Age. In other words, he sells mineral water.

His Ballygowan Irish Spring Water, in a distinctive green bottle, is sold not only in Ireland but in continental Europe and, as of a few weeks, in four test markets in the United States where it is distributed by

He has even made inroads in France, where a ship chandler in Brest takes on Ballygowan in tins and where, in 1986, Read won the international grocery oscar at a Paris trade fair for the best non-

alcoholic beverage.
"That was very pleasing," he says, "because the judges were sitting with bottles of Perrier when they presented the oscar. I said next time I was up there I'd expect to see them drinking Ballygowan." Perrier had 95 percent of the Irish mineral water market in 1984, when Ballygowan was launched. Read says. It now has only 15

The Ballygowan spring is on the site of the 800-year-old St. David's well, which refreshed the Knights Templar on their way to light the infidel. The spring is next to a handsome Norman ruin, Desmond Castle, and is located in the midst of lush

"I hate to say it but the water was used to cure madness," Read says, "to cleanse peo-ple of the fairies. It sounds weird but I'm sure it meant something in those days." Read would as soon consign the fairies

to the Celtic twilight and isn't really thrilled that on the U.S. label Desmond Castle looks rather Disneyish and twee. Nor is he thrilled that the U.S. distributors will make their big push towards St. Patrick's day, a holiday not noted for consumption of mineral water.

The ethnic market may be there but there's no historical evidence that they buy Irish products over all others. I don't think the shamrock and leprechaun image helps sell high quality consumer products."

His pitch emphasizes that the spring is in

the southwest corner of Ireland where pre-

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"A kick out of people drinking something that came out of the air."

vailing winds assure protection from acid rain and pollution. No pesticides or herbicides are used on the land surrounding the spring, and there is no industry or intensive

"Ireland is so easily associated with fresh springs and green fields and purity in that Read says. "That's our real

Read thought of the name Ballygowan "I thought it had a nice ring to it" before he actually had a product. He came to mineral waters via studies in electronics and a job in London with a shoe company where he learned about marketing and became a designer of cowboy boots because that was what customers wanted. "It was marketing in a very pure sense," he says.

Read, who is 6 foot 3, kept banging his head against doorways as he ambled about in his high-heeled boots and he had sore feet because the toes were very pointed. He returned to Ireland in 1979 and took a government-sponsored start-your-ownsiness course, supporting himself as a landscape gardener and male model and

deciding that mineral water was the ideal product to sell under the Ballygowan label.

"The weekends would be spent filling parents' house and labeling them to my parents' house and labeling them on the kitchen table." Market testing showed a good response and he went south to find a salso in the theme park business) which

He found the company's present spring, which was at that time the site of a soft drink bottling plant run by Richard Nash. In 1984 Nash and Read went into partnership (Anheuser-Busch Beverage Group Inc. took over a majority share in 1986) and Read's present position is marketing director. The Ballygowan range consists of flat and sparkling waters and fruit-flavored

"The more people told me I was nuts the more I was determined to prove them wrong," Read says. Today Ballygowan is used as a case study for marketing courses and Read's photograph is used to promote the start-your-own-business scheme he

soon learned that no one would take of-fense at being seen with a glass of Irish water. Ballygowan was adopted by politicians of all parties.

"I used to push the product in front of them when they were having a press conference. Eventually they started doing it themselves so that every time they were on the television or in newspapers, in front of them was lined up bottles of Ballygowan."

The heavily carbonated sparkling water has a strong flavor because of its high calcium, low sodium content. Aside from cleansing users of the fairies, it should help prevent cholesterol buildup, but Read doesn't want to emphasize the health angle.

To me that's a different market. These are the extra things we have to offer — that it tastes better, that it's Irish, that it comes from the western seaboard of Europe, it's from a source that was discovered 800 years ago, it's a hard water which is very much in vogue now. To play up the health thing is to negate the rest."

Ballygowan has been used to cure ecze-ma but then it has also been put in car batteries and radiators. "I met a guy who cooks carrots in the sparkling water be cause it makes them nice and fluffy." Irishmen who don't give a fig for fluffy carrots drink their Ballygowan with vodka or with white wine in a spritzer. They don't, like Perrier drinkers, add a slice of lemon.

"They're much less into dressing up drinks in Ireland than they are in the States. For example, they don't chill the glasses, they very rarely chill the bottle. Presentation is a problem — so many people just pour it into a glass and give it to

Read hopes in 1988, with the opening of the U.S. market, to do a volume of eight million Irish pounds. The Irish turnover is is also in the theme park business) which means that, despite Read's prejudice, lep-rechauns and shamrocks will abound. There is also talk of a cosmetics branch, the product being a natural for a moisturizer. All in all, not a bad start for the mere

product of a heavy rainfall. "Money isn't the motivating factor," Read says. "I get a great kick out of people I've never met before drinking something that just came out of the air." Romantic Ireland may be dead and

gone, but marketing and blamey may not, after all, be that far apart. In any case, to satisfy tradition, Read says there's even an Irish joke about his product, directed at the country's supposedly slow-witted southerners.

participated in.

"What's a Kerry coc
With a strained budget, he was quick to "Ballygowan and water." "What's a Kerry cocktail?" he says.

USA

### LANGUAGE

# A Crash Is a Fall Is a Drop Is a.

By William Safire WASHINGTON — On black Monday, crash was the word most frequently used at first to describe the 508-point drop in the Dow Jones industrial average that occurred Oct. 19, 1987, a day that many investors think will live in infirmity. Donald T. Regan, former Treasury secretary, called C-Day "black and blue Monday," a nice play on the battered image of black and blue" with the traditional bad-news sense of "black [whatever] day" and the don'twant-to-go-back-to-work sense of "blue Monday."

However, some considered crash evocative of the "crash of '29" -to be alarmist.

Among politicians, Senator Paul Simon called it a plunge, Jesse Jackson broadened it to a crisis, Governor Mike Dukakis preferred the milder slide and Representative Jack Kemp used the mildest drop. White House aides used panic, stressing the unfounded and irrational nature of the cause of the sharp downward move of investor confidence, although President Reagan in his subsequent news conference preferred the upbeat

In the news business, The New York Times used both phange and drop: "Stocks Plunge 508 Points, A Drop of 22.6%"; later in the week, sensitive to the scariness of phange, the Times gave readers a lesson in synonymy: "Stocks Fall, But Avert

The Associated Press alternated between plunge and decline; at The Washington Post, drop was the key verb with plunge in the subhead, although its financial columnist, Hobart Rowen, chose the more viv-

In a column immediately after the event, I used the less formal nosedive. An editorial writer on The Washington Post preferred nasty fall but the Times's editorialist observed that "words like crash did not suffice; it was, people said. more like a meltdown.

Meltdown, offering the alliterative market meltdown, showed signs of becoming the noun of choice (Haynes Johnson, a Washington Post columnist, was even more alliterative with the frantic, fearful

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meltdown or not," said John J. nouncing early in the campaign,

Phelan Jr., unflappable chairman of the New York Stock Exchange. apparently responding to the use of the word in a question, "I wouldn't want to be around for one worse than this." USA Today headlined this as "Market 'Meltdown," grasping firmly at the aforemen-noned alliterative possibilities.

(The most recent sense of the term "ultimate nuclear-reactor accident," although the word meltdown originated in the ice-cream industry in the 1930s, according to the vanilla king Norman Beck of Beverly Hills, California.) Let's hit the thesaurus key on the

Xywrite word-processing program and see what is left to denote a sudden fall: tumble is still available, though that has a jocular quality, and setback and downturn are far too mild. Shamp does not have the requisite suddenness in decline for this financial terminology, since it is often used as a synonym for "mild recession." Here's a good verb: phimmet, from the Latin for the heavy metal we call lead, which sinks faster than most elements. This thesaurus does not have shakeout, a market term falling between the harsh crash and the more

Fall does not have the needed suddenness, or quality of the unexpected, implicit in crash or even drop, but do not underestimate this short verb; it recalls the fall of the rebellious angel. Lucifer, and post-mortems on the market are sure to be headlined "After the Fall." Hence, loathed Melancholy: re-

neutral *drop*.

bound has its family - bounceback, snapback, comeback, recovery, etc.

HF Presidential Campaign Hotline is a computerized information service put out by the American Political Network. I was downloading its stuff the other day when I came across a memory-jogging statement by Democratic presidential candidate Paul Simon of Illinois. (Download is computerese for "receive from a larger computer harked myself back the other day in mto a smaller unit," the opposite of a piece on the collapse, drop or upload, "send from a smaller to a rolling readjustment of the stock and the stock of the other day in the other larger computer" — both locutions out of offlood, an 1850 South African expression meaning "unload," and the even earlier overload, a 1553 compound.)

falls of Black Monday). Senator Simon had previously "Whether today was a financial endeared himself to me by an-Senator Simon had previously

putting down both neoconscryatives and neohberals (actually, & mon is a post-modern negliging which means "old-fashioned New Dealer"). He told a San Antonis audience, "On fiscal policy, I am

andience, 'Un usean genny, I im conservative."

That triggered a synapse in my head attached to "dynamic conservatism," a semi-oxymoron favored by President Eisenhower, who sho fiddled around with "moderate."

"A die Spanson." progressivism." Adlai Stevenson o

Illinois, preparing to run against the unbeatable like for the scoon time, had this to say:
"I am not sure what dynamic moderation or moderate dynamics. means. I am not even some what it means when one says that he is a conservative in fiscal affairs and a liberal in human affairs. I assume what it means is that you will strongly recommend the building of a great many schools to accommodate the needs of our children

the and hospital sources said and the source for the country f but not provide the money." A similar instance of unconscious harking back came out of the mouth of Nicaragua's Dame Ortega Sazvedra. Asked why he re-fused to conduct direct talks with the contra leader Adolfo Calero Ortega said, "We have nothing to talk about with Mr. Calero, he cause the owner of the circus is Mr. Reagan. We have to talk with the owner of the circus and not with the clowns."

The predecessor metaphor was in a line attributed to Winston Churchill. When the British ambay sador in Rome asked Prime Minis ter Churchill whether it would be wiser to raise a question with Missolini or with Il Duce's foreign min. ister and son-in-law, Count Ga-leazzo Ciano, the British leader replied: "Never hold discussions with the monkey when the organ grinder is in the room."

the group, which includes that in the man which is the man which is the man which is the community. The man which is the man which is the man had been also as a subject to the man had to each the man had been a family and the second by the family family and the second by the se If this keeps up, we will turn into a nation of paramnesiacs, all with a sense of deja-voodoo economics. I harked myself back the other day in market, suggesting some "had been taking credit for the rain and must now take the blame for the drought." That was an unconscious steal from Dwight W. Morrow, the banker who became President Coohidge's ambassador to México.

New York Times Service

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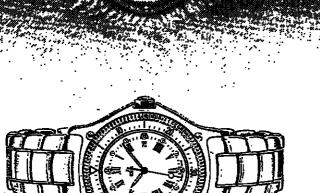
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